



ON THE WHY, WHAT AND HOW OF LIVING WAGE

A PAMPHLET FOR INVESTORS BY PLATFORM
LIVING WAGE FINANCIALS & WAGEMAP,
WITH SUPPORT FROM SHIFT

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What is the problem?

One third of all workers worldwide, more than a billion people, are expected to earn less than they need to afford a decent standard of living. This includes basic needs such as housing, food, education, and healthcare¹.

The lack of a living wage and income is a root cause of systemic sustainability issues such as child labor, forced labor and unsafe working conditions – but also economic-environmental issues such as deforestation, land degradation and productivity deterioration.

While the last decades have seen great progress in lifting people out of extreme poverty, slow economic growth and persistent inflation continue to challenge the realization of living wages globally. To illustrate, in Bangladesh, the minimum wage for garment workers falls 52% below the living wage estimate for Dhaka². And in USA, more than 40% of workers earn an hourly rate which is below the living wage³.

What is a living wage and income?

According to the definition of the ILO, a living wage is “the wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country circumstances and calculated for the work performed during the normal hours of work⁴.” The concept of a living income is similar, in the sense that it covers the income required for a ‘decent standard of living’ for producers and their families.

The concept of a ‘fair’ or ‘living’ wage is nothing new: as early as the late 19th century, ‘living wage’ was mentioned by popes, presidents and priests as an essential human right for workers worldwide.

A living Wage or income consists of several components. Various methodologies exist to identify and estimate these components. WageMap is currently undergoing a Living Wage reference standard setting process to agree on these components – and achieve more harmonization and simplicity of Living Wage estimate methodologies. These components include decent housing, healthy food, medical care, schooling for children, and a margin for unexpected events.

¹ <https://forwardfaster.unglobalcompact.org/living-wage>

² <https://www.fairlabor.org/resource/fair-labor-associations-bangladesh-wage-trends-report-and-recommendations/>

³ <https://livingwageforum.org/>

⁴ <https://www.ilo.org/resource/news/ilo-reaches-agreement-issue-living-wages>

Why is a living wage and income relevant?

A living wage and income is a human right⁵: every individual deserves the right to a decent standard of living.

Pressure on enabling a living wage and income is increasing: living wage and income is explicitly incorporated in the European Corporate Sustainability Due Diligence Directive (CSDDD) and requires companies to conduct risk analyses and take appropriate measures to ensure that workers in their value chain receive a living wage and income. Similarly, the European Sustainability Reporting Standards (ESRS) require companies to report on adequate or living wages for their own employees as well as for workers in their supply chain if living wages are identified as a salient issue. Certification systems are increasingly picking up living wages in their standards and the International Labour Organization (ILO) has recently entered a new formal course towards making living wages the new normal. Companies like l’Oreal, Unilever, and Novartis are pledging to pay a living wage or income to its own workers and suppliers.

Living wages and living incomes are also essential tools for achieving the United Nations’ 17 SDGs by 2030. Paying a living wage or income ensure that workers earn enough to meet their basic needs, which directly supports seven out of seventeen SDGs: 1, 2, 3, 4, 5, 8 and 10.

What can investors do?

Investors can engage with investee companies on the topic of living wages and incomes in various ways. The first step: Make it a part of the conversation.

Investee companies can take different steps to implement living wages and income in their own company and supply chains, and different tools are available. One concrete action is to join the Global Compact Forward Faster initiative and sign up to the two living wage targets⁵.

A few high-level steps to enable the payment of a living wage or income are:

- 1) Enabling the right environment:
 - Recognise living wage as a salient issue
 - Active participation with Multi Stakeholders Initiatives focusing on workers’ rights and the payment of living wages
 - Improve Freedom of Association and Collective Bargaining in the supply chain
 - Adopt responsible purchasing practices

⁵ The Universal Declaration of Human Rights (UDHR), Article 23

⁶ <https://forwardfaster.unglobalcompact.org/living-wage>

- Have grievance mechanisms in place for direct workforce and supply chain workers
 - Demonstrate best practice in supply chain transparency
- 2) Commitment, use of benchmarks and wage data:
- Investee companies should make a time-bound public commitment regarding living wages, covering own operations and (part of) the supply chain.
 - Investee companies should start using living wage benchmarks, such as those highlighted in the IDH overview of Recognized Living Wage Benchmark Methodologies⁶. WageMap is also working on a public dataset of globally comparable, locally specific, benchmarks, to be available from 2026
 - Investee companies should collect data on wages, including number of workers affected. Shift's [Living Wage Progress Tool](#) provides a straightforward means of capturing the information and is free to download.
 - Investee companies should report transparently on progress on closing the living wage gap

How can PLWF and WageMap help you?

The **Platform Living Wage Financials (PLWF)** is an alliance of over 20 financial institutions that encourages, supports and monitors investee companies to enable living wages and living incomes in global supply chains. The Platform is open to new investors joining to accelerate change with investee companies and to impact workers, farmers and smallholders down the global value chains.

As an international investor coalition representing over €7 trillion of assets under management and advice, we are well-positioned to engage with our investee companies. We use our influence and financial leverage to encourage over 50 companies from the garment and footwear, agrifood and food retail sectors to adopt good practices and promote social and economic resilience in their supply chains. The Platform works by assessing companies on a yearly basis and holding engagement calls. The assessment follows a unique methodology, developed and maintained by Platform members and based on the UN Guiding Principles on Business and Human Rights. **The methodologies are open source and can be downloaded via the platform's website.** It evaluates companies on the topic of living wages and income in

⁶ <https://www.idhsustainabletrade.com/idh-living-wage-identifier/>

the supply chain and enables progress tracking. An annual report⁷ is published highlighting progress, success stories as well as challenges and where more efforts are needed.

The Platform collaborates with a group of stakeholders, our ‘Friends of the Platform’⁸. Their role is to inspire, challenge, inform, and provide feedback to the Platform. Their expertise, knowledge and experience are of immense value and importance to our work.

One of those friends is **WageMap**, which is a consortium of living wage data and service providers that have come together to drive alignment across living wage methodologies and frameworks.

WageMap's mission is to support the achievement of living wages for workers globally, through two core reinforcing components:

- Establish a Living Wage Reference Standard: Develop a universally accepted Living Wage Reference Standard through a standard-setting process - with reference to the ISEAL Code of Good Practice.
- Create a public dataset of globally comparable, locally specific, estimates: Assess existing publicly available national and global living wage benchmarking methodologies against the Living Wage Reference Standard to determine a single living wage estimate value that is most applicable and representative in a specific geography. WageMap will then publish this aggregated dataset.

WageMap was founded by six organizations that work to produce living wage estimates, build living wage alliances led by civil society, or to support implementation of living wage programs for employers. The founding members are BSR, Loughborough University, Living Wage for US Inc., Living Wage Foundation, NewForesight, and WageIndicator Foundation.

WageMap aims to engage with a variety of actors and stakeholders within and outside of the living wage movement and welcome potential partners to join or contribute to their efforts.

⁷ https://livingwage.nl/wp-content/uploads/2025/01/PLWF-Annual-Rapport_WEB.pdf

⁸ <https://livingwage.nl/about/friends-of-the-platform/>

If you wish to know more about anything living wage related, please visit our respective websites where you can find more information and contact details.

WageMap

<https://wagemap.org/>

Platform Living Wage Financials

<https://livingwage.nl/>