



## Fair Work (FW)

Body of Knowledge (BoK) for the FW  
Impact Topic



## Intent

The Fair Work Impact Topic requires companies to offer good quality jobs and create positive workplace cultures. To do this, companies will:

- set clear expectations of workers
- implement fair wage practices
- incorporate worker feedback in decision-making
- monitor and improve the culture in their workplaces.

All workers deserve to be treated fairly and with dignity. While workers' priorities and issues vary by industry and location, fair pay and reasonable, clearly-defined expectations are universal concerns. Formal mechanisms for workplace dialogue, and to measure workplace culture, are also important — these create avenues to address those priorities and issues that are unique to each workplace.

Good quality jobs, free and open dialogue, workplace culture, and shared purpose are all intertwined under the umbrella of Fair Work. Exchanging information and feedback helps to create a positive workplace culture and direct companies' efforts to continuously improve. Companies that achieve open dialogue and positive culture realize a vision for stakeholder governance in the workplace, and create a shared sense of purpose. These are vital preconditions for the success of purpose-driven companies, like B Corps.

## Outcome

Companies provide good quality jobs and have positive workplace cultures.



## Requirements Summary

FW1 The company sets clear expectations of employees.

FW2 The company implements fair wage practices.

FW3 The company considers feedback from workers on decisions that affect them.

FW4 The company measures workplace culture and takes action to improve it.

## Scope

The company's own operations.

## Terms and Definitions

### Agriculture

A company that either:

- earns over 10% of its revenue from products grown on its farm or agro-processing facility, from managing land to grow and harvest crops, or from raising and managing livestock
- sources the majority of its raw materials directly from growers or livestock producers.

Companies in the agriculture sector include, for example:

- vegetable farms
- coffee plantations or roasters
- tree planting companies
- livestock farms or ranches.

### Allowance

A type of extra wage component, usually paid for a specific purpose (e.g. to cover travel or food costs).

### Apprentice

Someone working for the company whose placement is temporary and whose primary purpose is to learn and gain experience. Apprentices and interns are distinct from employees.

Apprenticeships may be governed by national regulation (e.g. they receive a mandatory apprentice wage), while internships are governed by the company. An apprenticeship, unlike an internship, may lead to a formal qualification.



In the B Lab Standard, an apprentice is someone who works during, or as part of, either a formal education program or a program that meets national regulatory requirements. If not, they are an “employee”.

### **Base wage**

An employee's wage, before adding any extra wage components (e.g. allowances).

### **Collective bargaining**

The mechanism companies and trade unions use to:

- negotiate terms and conditions of work (including pay and working time)
- regulate relations between employers and workers.

### **Collective bargaining agreement**

A written legal agreement that results from negotiations between the company and the body representing its employees (e.g. a trade union). The collective bargaining agreement sets out the terms and conditions of employment.

### **Collectively-bargained wage**

See collective bargaining

### **Company**

A legal entity (or group of related legal entities) formed to engage in and operate a business (meaning a commercial or industrial enterprise). A company may be organized in various ways depending on the corporate law in its jurisdiction.

### **Company without workers**

A company owned and run by one person. A company without workers may also be known as a sole proprietor, sole trader, individual entrepreneur, or individual proprietor.



## **Employee**

Person who has a direct employment relationship with the company. This includes permanent, temporary, full-time, part-time, seasonal, and casual employees. This includes when, for administrative reasons, there is a different employer on record, but practically the person works as an employee and the company is responsible for their recruitment, performance evaluation, and disciplinary management.

Working owners may also count as employees, depending on certain conditions (see working owner).

## **External supplier**

A supplier from outside the company's corporate group.

## **Extra wage component**

Wage components added to an employee's base wage. These may include, for example:

- allowances
- in-kind benefits
- bonuses
- overtime pay.

## **Gender identity**

A person's internal, deeply-held knowledge of their own gender. Everyone has a gender identity ([GLAAD](#)).

Different countries, cultures, and languages have different gender categories, and they change over time. In many English-speaking countries, the categories are: man, woman, and non-binary or non-conforming.

## **Impact**

An effect the company has, or could have, on:

- the economy
- the environment
- people, including on their human rights.

Impacts can be actual or potential, negative or positive.

(Adapted from [GRI 3](#), 2021, Global Reporting Initiative)

### **In-kind benefit**

A type of non-monetary benefit employees receive from the company (e.g. workplace lunches, or a mobile phone).

### **Independent contractor**

A person who is self-employed, or works freelance. They are a “worker” if they work more than 20 hours per week indefinitely or for more than six months. This may include the following examples.

- A self-employed construction worker who works full-time for the company on a construction project for one year.
- A freelance physiotherapist who works 25 hours per week at a clinic for two years.

### **Intern**

Someone working for the company whose placement is temporary, and whose primary purpose is to learn and gain experience. Apprentices and interns are distinct from employees.

Apprenticeships may be governed by national regulation (e.g. they receive a mandatory apprentice wage), while internships are governed by the company. An apprenticeship, unlike an internship, may lead to a formal qualification.

In the B Lab Standard, an intern is someone who works during, or as part of, a formal education program. If not, they are an “employee”.

### **Living income**



The equivalent of a living wage for self-employed persons, such as smallholder farmers or artisanal miners

### **Living wage**

Sufficient pay for a person to afford a decent standard of living for them and their family, assuming a standard workweek. The living wage amount changes by location and over time.

A "decent standard of living" covers:

- food
- water
- housing
- education
- health care
- transport
- clothing
- other essential needs, including providing for unexpected events.

(Adapted from [Global Living Wage Coalition](#))

### **Manufacturing**

A company that earns over 10% of its revenue from products it makes, either for direct sale or for sale by another company or brand.

Manufacturing involves transforming input materials into a new product. The manufactured product may not be the final product.

Companies in the manufacturing sector include, for example:

- food and beverage producers
- assembly lines



- apparel manufacturers.

### **Minimum wage**

The legally applicable minimum wage in the company's location.

### **Non-binary**

People who experience their gender identity or gender expression (or both) as falling outside the gender binary of "man" and "woman".

(Adapted from [GLAAD](#))

### **Outcome**

A change resulting from the company's activities and outputs. An outcome has a direct link between the activities and outputs, and their impact on people and the environment.

### **Output**

The direct result of an activity. Outputs may include, for example:

- training materials
- policies
- reports
- impact-related programs or projects.

### **Services with minor footprint**

A company that earns 90% or more of its revenue from services that do not involve selling physical products or require a physical location for their delivery.



Services with minor footprints include, for example:

- law firms
- marketing and communications agencies
- software companies.

This was previously named "Services with Minor Environmental footprint". The definition and its application remain the same.

### **Services with significant footprint**

A company that earns 90% or more of its revenue from services that involve significant machinery or equipment, or require a specific operational location (often key to delivering the service).

Services with significant footprint include, for example:

- hotels
- restaurants
- landscaping companies
- universities.

This was previously named "Services with Significant Environmental footprint". The definition and its application remain the same.

### **Social identity**

A person's own sense of who they are, based on the social group or groups they belong to. Social identity terms vary by country, culture, and language.

Examples of social identities include:

- race
- ethnicity



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- gender identity
  - religion
  - caste
  - sexual orientation.

### **Stakeholder**

A person, group, or entity who may, positively or negatively:

- affect the company
- be affected by the company's activities
- have an interest that is affected by the company's activities.

Relevant stakeholders may include, for example:

- business partners
- civil society organizations
- consumers
- customers
- employees and other workers
- governments
- local communities
- non-governmental organizations
- shareholders and other investors
- suppliers
- trade unions



- vulnerable groups (including future generations)
- the environment (including species).

(Adapted from [GRI 3: Material Topics](#), 2021.)

### **Supply chain**

The range of activities by companies and organizations "upstream" from the company, which provide products, raw materials, and services that the company uses in its own products or services.

([GRI 3](#), 2021, Global Reporting Initiative)

### **Tier one supplier**

External suppliers that the company (or its subsidiaries) directly purchase products or services from.

Tier one suppliers contrast to tier two suppliers, who supply products or services to the company's tier one suppliers.

### **Total wage**

The complete wage employees actually receive from the company. The total wage is the sum of the base wage and relevant extra wage components.

### **Transgender**

People whose gender identity is different from their sex at birth.

(Adapted from [GLAAD](#))

### **Union**



An organization of workers formed to collectively advance its members' interests in relation to:

- wages
- benefits
- working conditions.

A union may also be called a "trade union", "labor union", or "workers' union".

Unions are regulated by national legislation and therefore have legal authority — for example, to undertake collective bargaining and worker representation.

### **Wage scale**

A range for the wage assigned to a specific role in the company. Wage scales are also known as "salary scales", "pay scales", or "salary ranges".

### **Wage equity**

A just and fair arrangement of wages.

### **Wholesale/Retail**

A company that earns over 10% of its revenue from selling physical products, but does not own or operate the manufacturing processes or facilities that produce them. This includes companies that design products but outsource their production.

Wholesale/retail companies include, for example:

- grocery stores
- consumer goods companies that do not manufacture their own products
- wholesalers of physical goods.

### **Worker**

A person who works for the company as any of the following.



- An employee
- An independent contractor, if they work more than 20 hours per week indefinitely or for more than six months.
- An agency worker, if they work more than 20 hours per week indefinitely or for more than six months.

Interns and apprentices, as defined in the B Lab Standard, do not count as workers.

### **Working owner**

Founders or partners who work at the company and have at least 10% ownership in the business. If a company's workers consist only of founders or partners with at least 10% ownership, they are considered a "company without workers".

If a working owner is payrolled and they have additional non-working owner employees, then the working owner is considered an "employee".

### **Notes**

- Respecting human rights in the supply chain is covered under the Human Rights topic.
- Other aspects of equity, beyond wage equity, are covered by the JEDI impact topic.
- Grievance and remediation procedures are covered in the Purpose & Stakeholder Governance topic (PSG3).
- Companies without workers are exempt from the requirements in this topic.



## FW1 The company sets clear expectations of employees.

### FW1.1 The company provides all employees a signed employment contract or offer letter.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | All    | All      |
| Small                   | All    | All      |
| Micro                   | All    | All      |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:                                                            |
|-------|-------------|---------------------------------|----------------------------------------------------------------------------------|
| FW1.1 | From Year 0 | None                            | The company provides all employees a signed employment contract or offer letter. |

Compliance Criteria:

1.1.1 All employees have an employment contract or offer letter meeting the following criteria.

- a) It is written in a language the employee understands.
- b) It is signed by a company representative and the employee.
- c) It includes:
  - i) the name of the company
  - ii) the names of both signing parties
  - iii) the nature and place of the work
  - iv) working hours
  - v) the base wage
  - vi) any extra wage components
  - vii) the work start date
  - viii) the duration of the work
  - ix) conditions for termination.

1.1.2 If an employee is already working without a written contract or offer letter, the company provides a letter that meets the criteria above.

1.2.3 All employees receive a copy of their employment contract or offer letter from the company.

Intent:

To empower employees with information about their jobs and what is expected of them.



#### Clarifying the Compliance Criteria:

[1.1.1] The company complies with national legislation — including any relevant collective bargaining agreement — if the legislation contradicts any of the Compliance Criteria.

[1.1.1] Where the company cannot meet the Compliance Criteria through changes to its contracts, it may instead use letters.

[1.1.1] If the company is required to use an employment contract template, it provides an additional document, such as a letter, to meet the Compliance Criteria. For example, the law may require the company to create an employment contract in a language that an employee does not understand. In this case, the company provides a letter to the employee with the content of the contract in a language they understand.

[1.1.1] The contract or letter may be in a non-written format if needed for people with disabilities (e.g. an audio or video recording).

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it records evidence of:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

#### Recommendations:

- Write the contract or letter in plain language. Avoid language that is too technical or legal.
- Before the employee signs the contract or letter:
  - explain its contents to the employee verbally
  - offer them the opportunity to ask questions and give feedback
  - discuss their need for reasonable accommodations, and update the contract or letter. “Reasonable accommodations” are changes made to remove or reduce a disadvantage related to an employee's disability (also known as “reasonable adjustments”).

#### Implementation Resources:

Resources to write documents in plain language:



- PCO Plain Language Standard (Parliamentary Counsel Office, New Zealand Aotearoa) [\[EN\]](#)
- Checklist for plain language — a quick reference guide (Ministry of Social Development, New Zealand Aotearoa) [\[EN\]](#)

Resources to identify “reasonable accommodations”:

- A to Z of Disabilities and Accommodations [\[EN\]](#) [\[ES\]](#)
- Situations and Solutions Finder (Job Accommodation Network) [\[EN\]](#) [\[ES\]](#)



### FW1.2 The company has equal cancellation periods when using variable schedules.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | All    | All      |
| Small                   | All    | All      |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms?             | Sub-requirement text:                                                     |
|-------|-------------|---------------------------------------------|---------------------------------------------------------------------------|
| FW1.2 | From Year 0 | Small / Medium / Large / X Large / XX Large | The company has equal cancellation periods when using variable schedules. |



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Compliance Criteria:

1.2.1 If the company uses variable schedules, it has a policy that states the following.

- a) The specific cancellation deadline that applies equally to both the company and employee.
- b) That the company will pay the employee in full when cancelling their work after the deadline for reasons within the company's control.
- c) Whether the company will pay the employee, and how much, when canceling their work after the deadline for reasons outside the company's control.

1.2.2 The company makes the policy available to all employees that work variable schedules.

Intent:

To ensure equal and fair cancellation periods for employers and employees using variable schedules.

#### Clarifying the Compliance Criteria:

[1.2.1] The company complies with national legislation — including any relevant collective bargaining agreement — if it contradicts any of the Compliance Criteria.

[1.2.1] “Variable scheduling” is a working arrangement where an employee’s number of working hours, or when they work, varies and is determined by the company (e.g. shift work and zero-hour work). In these situations, the employee does not know how many hours or which hours they will work until the company tells them.

[1.2.1] The following working arrangements are not considered variable.

- A shift schedule that changes according to a permanent pattern (e.g. alternating between day shifts and night shifts, or changing by season)
- Working hours that are fixed in an employment contract or collective bargaining agreement

[1.2.1] This sub-requirement does not stop companies from using variable schedules or making last-minute changes to schedules.

[1.2.1] “Canceling work” includes changing the location of the work.

[1.2.1] The company and the employee may have different cancellation deadlines only if the employee has the more favorable deadline.

[1.2.1] The company may also update an existing policy or other relevant document, such as an employee handbook or collective bargaining agreement. It does not have to create a standalone policy.

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The policy is embedded, at minimum, at the highest governance level within the company. If the company references a policy belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the policy.

#### Further Guidance:

- The intent is that neither the company nor its employees face negative consequences if work is canceled before the set cancellation deadline. The following examples illustrate this idea.
  - A clothing shop shares shift schedules with employees two weeks in advance. Its policy states a cancellation deadline of one week in advance. The company asks to cancel an employee’s shift two days in advance. If the employee does not agree, then they are not punished and still receive full payment.

- A security guard is given their schedule every three months, and the agreed cancellation deadline is one month. One day, the security guard does not show up for work. The company follows its standard procedure for someone not working when they should, which may include disciplinary measures.
- A fruit picker on a zero-hour contract is given their schedule on the 25th of each month for the month ahead. The cancellation deadline for both the company and employee is the 27th. The employee cancels next month's work on the 26th. The company does not punish the employee, because they canceled before the deadline.

#### Recommendations:

- Guarantee a minimum number of hours per week (greater than zero) for employees on variable work schedules.
- Widen the scope of the policy to apply to other types of workers.

#### Interoperability:

- Conceptual Alignment Data Point
  - Living Hours (UK Living Wage Foundation) [\[EN\]](#)
- Equivalency Data Point
  - [None]

## FW2 The company implements fair wage practices.

### FW2.1 The company has a policy of not requesting wage histories from job applicants.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | All    | All      |
| Small                   | All    | All      |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms?             | Sub-requirement text:                                                          |
|-------|-------------|---------------------------------------------|--------------------------------------------------------------------------------|
| FW2.1 | From Year 0 | Small / Medium / Large / X Large / XX Large | The company has a policy of not requesting wage histories from job applicants. |



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Compliance Criteria:

2.1.1 The company has a policy or procedure that states it does not ask job applicants to provide:

- a) their wage histories
- b) their preferred wage (unless the company first shares a wage scale).

Intent:

To prevent the company from basing new wages on past wages, which can perpetuate wage inequalities.

### Clarifying the Compliance Criteria:

[2.1.1] The company may also update an existing policy or other relevant document, such as an employee handbook. The commitment does not have to be made in a standalone policy or procedure.

[2.1.1 a] “Wage histories” are people’s past wages.

[2.1.1 b] A “preferred wage” is also known as an “asking wage”. It refers to a situation where the company asks the applicant during recruitment or contract negotiation to share the wage they want to be paid.

### Applying the Criteria to Independently Certifying Subsidiaries:

- The policy is embedded, at minimum, at the highest governance level within the company. If the company references a policy belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the policy.

### Recommendations:

- Include the applicable wage scale in all job advertisements.

### Implementation Resources:

Resources to learn about how wage histories can perpetuate wage inequalities:

- Empowering Women at Work: Company Policies and Practices for Gender Equality, see section 2.1 (International Labour Organization, European Union and UN Women) [\[EN\]](#) [\[FR\]](#)
- Closing Gender Pay Gaps to Achieve Gender Equality at Work (UN Women), see What can companies do? [\[EN\]](#) [\[FR\]](#) [\[JP\]](#)

### Interoperability:

- Conceptual Alignment Data Point
  - EU Pay Transparency Directive (PE-CONS 81/22) (33)
- Equivalency Data Point



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☐ [None]



## FW2.2 The company tells workers how it sets their wage and what benefits they are entitled to.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | All    | All      |
| Small                   | All    | All      |
| Micro                   | All    | All      |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:                                                                    |
|-------|-------------|---------------------------------|------------------------------------------------------------------------------------------|
| FW2.2 | From Year 0 | Micro / Small / Medium          | The company tells workers how it sets their wage and what benefits they are entitled to. |



Compliance Criteria:

2.2.1 The company tells workers about:

- a) all wage components relevant to them
- b) all benefits they are entitled to
- c) the mechanisms it uses for setting and reviewing wages and benefits.

2.2.2 All employees regularly receive payslips or equivalent containing clear information about, at minimum, their:

- a) base wage
- b) extra wage components
- c) deductions.

2.2.3 Payslips are written in a language the employee understands.

Intent:

To provide workers with information about their wages and entitlements.

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#### Clarifying the Compliance Criteria:

[2.2.1 a] Relevant “compensation components” include:

- base wages or compensation
- bonuses
- allowances
- in-kind benefits.

[2.2.1 b] “Benefits” cover both:

- benefits the company is legally required to provide (e.g. related to pensions)
- voluntary additional benefits the company provides (e.g. parental leave above legal minimums).

[2.2.1 c] The company’s “mechanisms” for setting and reviewing compensation and benefits are the processes and criteria it uses for:

- initial compensation negotiations
- performance reviews
- promotions.

[2.2.2] Employees receive payslips “regularly” if they receive them on a predictable frequency (e.g. weekly or monthly).

[2.2.2] Payslips containing “clear information” means, at minimum, they:

- define or write out abbreviations
- use terms and definitions consistent with other internal documents (e.g. employment contracts, employee handbooks, or company policies).

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it records evidence of:



- roll out, enforcement, and accountability mechanisms
- how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Interoperability:

- Conceptual Alignment Data Point
  - EU Pay Transparency Directive (PE-CONS 81/22) (32) (35)
  - Base Code 2016 (Ethical Trading Initiative) 5.2 [\[EN\]](#)
- Equivalency Data Point
  - [None]



### FW2.3 The company has wage scales.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | None   | None     |
| Small                   | None   | None     |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:        |
|-------|-------------|---------------------------------|------------------------------|
| FW2.3 | From Year 3 | Large / X Large / XX Large      | The company has wage scales. |



Compliance Criteria:

2.3.1 The company has wage scales.

2.3.2 Employees can freely access the wage scales.

Intent:

To increase internal transparency around wages and accountability for how they are set.

#### Clarifying the Compliance Criteria:

[2.3.1] The wage scales cover all levels in the company, including its highest-level employees. They do not need to include board members, founders, or owners — unless they are also employees.

[2.3.1] Wage scales exclude extra wage components.

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The policy or procedure is embedded, at minimum, at the highest level within the company. If the company references a policy belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the policy.

#### Further Guidance:

- Wage scales are based on job classes (also known as “job ranks”, “grades”, or “levels”).
- Example of a wage scale:
  - Entry-level base wage is between EUR A and B per month.
  - Manager-level base wage is between EUR C and D per month.
  - Senior-level base wage is between EUR E and F per month.
- Making the wage scale available does not mean the company shares information about individual employees’ wages.

#### Recommendations:

- Include the applicable wage scale in all job advertisements.
- Tell employees about any extra wage components attached to the scales.

#### Interoperability:

- Conceptual Alignment Data Point



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- EU Pay Transparency Directive (PE-CONS 81/22) (26)
  - Equivalency Data Point
    - [None]



#### FW2.4 The company calculates its gender wage gap.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | None   | None     |
| Small                   | None   | None     |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:                       |
|-------|-------------|---------------------------------|---------------------------------------------|
| FW2.4 | From Year 0 | Large / X Large / XX Large      | The company calculates its gender wage gap. |



Compliance Criteria:

2.4.1 The company has calculated its gender wage gap for each country with at least 250 employees (based on headcount).

2.4.2 The company has calculated one of the following in the last fiscal year.

- a) average unadjusted gender wage gap at the company level.
- b) average unadjusted gender wage gap at the occupational level.
- c) adjusted gender wage gap, with support from a specialist third party.

2.4.3 Wage gap calculations include, at minimum:

- a) the base wage
- b) any allowances
- c) any bonuses.

2.4.4 Wage gap calculations exclude any:

- a) overtime pay
- b) expense reimbursement
- c) non-cash benefits
- d) deferred bonuses

2.4.5 Wage gap calculations use gross figures (before tax is applied).

Intent:

To identify any disparities in how much the company pays men and women.

### Clarifying the Compliance Criteria:

[2.4.1] This sub-requirement only applies if the company has 250 or more employees in at least one country (based on headcount). If the company has fewer employees, it is exempt. “Headcount” means that each person counts as one whole number. This is different to counting “full-time equivalents”.

[2.4.2; 2.4.3; 2.4.4] The company may use the same “total wage” information from the living wage (FW2.8.a, FW2.8.c) or high-to-low wage ratio (FW2.8.c.4 b) calculations to calculate the gender wage gap.

[2.4.2] Gender wage gap calculations can be “adjusted” or “unadjusted”. The two types of unadjusted gender wage gaps (also known as “uncontrolled” or “raw”) are below.

- Average gender wage gap at the company level — calculates the wage for men and women, averaged across the entire company. This method uses the formula:  $\text{Gender wage gap} = \text{average women's wage} / \text{average men's wage}$ .
- Average gender wage gap at the occupational level — calculates the wage for men and women, averaged per job, occupation level, or category (as chosen by the company). This method uses the same formula as above, but within each job, occupational level, or category.

[2.4.2] The company is not required to calculate the gender wage gap for its non-binary employees as a third group, alongside men and women. This group is not typically large enough to enable a calculation with statistical significance (see Further Guidance).

[2.4.2] The company includes transgender employees according to the gender they identify as, rather than adding them as a third group.

[2.4.2 c] The “adjusted” wage gap is calculated by, or with support from, a specialist third party. This calculation (also known as the “controlled” or “unexplained” wage gap) removes the effect of factors that may legitimately differentiate wages between employees, like role, experience, and qualifications. The adjustment explains and removes part of the gap, creating an “adjusted” or “unexplained” gap — a likely sign of unequal pay. Calculating the “adjusted” wage gap is complex, and no universal calculation exists.

[2.4.2; 2.4.3; 2.4.4] The company may use the same “total wage” information from the living wage (FW2.8.a, FW2.8.c) or high-to-low wage ratio (FW2.8.c.4 b) calculations to calculate the gender wage gap.

### Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it:
  - records the data and mechanism for measuring its own operations



- o describes how data is consolidated in the out-of-scope parent's reporting.

#### Further Guidance:

- A gender wage gap is also known as a “gender pay gap”.
- The process to calculate the “adjusted” wage gap has some things in common with the process to calculate “equal pay for work of equal value”. However, they produce different results. The “adjusted” wage gap is between men and women, while the “equal pay for work of equal value” assessment reveals gaps between any two groups of people. “Equal pay for work of equal value” is covered in sub-requirement FW2.7 (not applicable to all companies).
- Including smaller groups, such as non-binary employees, within gender wage gap calculations can be a challenge, because the groups are often too small to provide statistically significant data. A minimum of 50 to 125 people per group is typically needed to calculate a gender wage gap accurately.

#### Recommendations:

- Calculate the gap at the occupational level if the company has more than 1,000 employees. This method is usually more insightful, as it shows gaps by level within the company.

#### Implementation Resources:

##### Resources to calculate the unadjusted gender wage gap:

- SDPI II.B.6 Gender pay gap: Equality of remuneration, see pages 78-79 (United Nations Research Institute for Social Development) [\[EN\]](#)
- Achieving Pay Equity: How analytics has evolved to support true progress (Mercer) [\[EN\]](#)

##### Resources to calculate the adjusted gender wage gap:

- Empowering Women at Work: Company Policies and Practices for Gender Equality, see section 2.1 (International Labour Organization, European Union and UN Women) [\[EN\]](#) [\[FR\]](#)

##### Resources to learn about including non-binary people:

- How to calculate a gender pay gap (WGEA), see What about non-binary employees? [\[EN\]](#)

#### Interoperability:

- Conceptual Alignment Data Point
  - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.B.6 Gender pay gap: Equality of remuneration
  - Communication on Progress Questionnaire 2023 (UN Global Compact) HR6, L8
  - Workforce Disclosure Initiative 2024 (ShareAction) 5.2
- Equivalency Data Point
  - GRI 405: Diversity and Equal Opportunity 2016 - Disclosure 405-2 Ratio of basic salary and remuneration of women to men (a)
  - European Sustainability Reporting Standards S1 2023 - Disclosure Requirement S1-16 – Remuneration metrics (pay gap and total remuneration) (97.a)
  - Any gender wage gap disclosure to meet national regulation



## FW2.5 The company publicly shares its gender wage gap or gaps.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | None   | None     |
| Medium                  | None   | None     |
| Small                   | None   | None     |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:                                    |
|-------|-------------|---------------------------------|----------------------------------------------------------|
| FW2.5 | From Year 0 | X Large / XX Large              | The company publicly shares its gender wage gap or gaps. |



Compliance Criteria:

2.5.1 The company publicly shares:

- a) its annual gender wage gap
- b) the gap for each country with at least 250 employees (based on headcount).
- c) the methodology it used to calculate its gender wage gap.

Intent:

To increase public accountability for paying men and women equally.

### Clarifying the Compliance Criteria:

[2.5.1] This sub-requirement aligns with FW2.4 and only applies if the company has 250 or more employees in at least one country (based on headcount).

### Applying the Criteria to Independently Certifying Subsidiaries:

- The reporting scope covers the company. If the company references a corporate group impact report that includes out-of-scope entities, either:
  - the performance of the company is clearly identifiable within the group report
  - the company publicly shares its own impact report on its webpage.

### Implementation Resources:

#### Resources to calculate the unadjusted gender wage gap:

- SDPI II.B.6 Gender pay gap: Equality of remuneration, see pages 78-79 (United Nations Research Institute for Social Development) [\[EN\]](#)
- Achieving Pay Equity: How analytics has evolved to support true progress (Mercer) [\[EN\]](#)

#### Resources to calculate the adjusted gender wage gap:

- Empowering Women at Work: Company Policies and Practices for Gender Equality, see section 2.1 (International Labour Organization, European Union and UN Women) [\[EN\]](#) [\[FR\]](#)

#### Resources to learn about including non-binary people:

- How to calculate a gender pay gap (WGEA), see What about non-binary employees? [\[EN\]](#)

### Interoperability:

- Conceptual Alignment Data Point
  - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.B.6 Gender pay gap: Equality of remuneration



- 
- Communication on Progress Questionnaire 2023 (UN Global Compact) HR6, L8
  - Workforce Disclosure Initiative 2024 (ShareAction) 5.2
  - Equivalency Data Point
    - GRI 405: Diversity and Equal Opportunity 2016 - Disclosure 405-2 Ratio of basic salary and remuneration of women to men (a)
    - European Sustainability Reporting Standards S1 2023 - Disclosure Requirement S1-16 – Remuneration metrics (pay gap and total remuneration) (97.a)
    - Any gender wage gap disclosure to meet national regulation



## FW2.6 The company maintains a closed gender wage gap, reduces the gap, or justifies why the gap is not sufficiently closed.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | None   | None     |
| Small                   | None   | None     |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:                                                                                                 |
|-------|-------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| FW2.6 | From Year 3 | Large / X Large / XX Large      | The company maintains a closed gender wage gap, reduces the gap, or justifies why the gap is not sufficiently closed. |



Compliance Criteria:

2.6.1 The company either:

- a) has reduced the gap by at least 50%
- b) can justify why it did not reduce the gap by 50%.

2.6.2 The company records what actions it took to reduce the wage gap.

2.6.3 If it had no gender wage gap, the company maintains a closed gap.

Intent:

To eliminate any wage disparity between men and women in the company.

#### Clarifying the Compliance Criteria:

[2.6.1] This sub-requirement aligns with FW2.4 and only applies if the company has 250 or more employees in at least one country (based on headcount).

[2.6.1 a; 2.6.3] The gender wage gap is considered closed if it is within a margin of 5%. In other words, the gap is closed if the average pay for women in the company is at least 95% of the average pay for men.

[2.6.1 a; 2.6.3] The gender wage gap is considered closed if the company has a “negative gap”, meaning women are paid more than men on average.

[2.6.1 a] Reducing the gap by at least 50% means to at least halve the gap. For Year 3, this means halving the gap since Year 0. For Year 5, this means halving the gap since Year 3.

[2.6.1 b] The company’s justification, if it has not met the target, demonstrates factors beyond its control.

[2.6.1 a; 2.6.3] The gender wage gap is considered closed if it is within a margin of 5%. In other words, the gap is closed if the average pay for women in the company is at least 95% of the average pay for men.

[2.6.1 a; 2.6.3] The gender wage gap is considered closed if the company has a “negative gap”, meaning women are paid more than men on average.

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it records evidence of:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

#### Further Guidance:

- The company’s justification, if it has not met the target, demonstrates factors beyond its control. Acceptable justifications are likely related to changes in the company’s workforce composition, or the broader effects of gender inequality in society, for example:
  - the company operates in an industry dominated by one gender identity
  - employee roles are dominated by one gender identity



- a recent merger or acquisition caused major changes to the company's workforce.

#### Recommendations:

- Address any “negative gap”, where women are paid more than men on average.

#### Implementation Resources:

##### Resources to close the gender wage gap:

- Closing Gender Pay Gaps to Achieve Gender Equality at Work (Women's Empowerment Principles) [\[EN\]](#) [\[FR\]](#) [\[JP\]](#)
- Closing the Gender Pay Gaps: making the case at company level (Empowering Women at Work) [\[EN\]](#) [\[FR\]](#) [\[JP\]](#)

#### Interoperability:

- Conceptual Alignment Data Point
  - Workforce Disclosure Initiative 2024 (ShareAction) 5.4
- Equivalency Data Point
  - [None]



### FW2.7 The company evaluates equal pay for work of equal value.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | None   | None     |
| Medium                  | None   | None     |
| Small                   | None   | None     |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:                                    |
|-------|-------------|---------------------------------|----------------------------------------------------------|
| FW2.7 | From Year 5 | X Large / XX Large              | The company evaluates equal pay for work of equal value. |

Compliance Criteria:

2.7.1 The company carries out a gender-neutral job evaluation for each country with at least 150 workers (based on headcount).

2.7.2 The company carries out a gender-neutral job evaluation that:

- a) covers all worker categories
- b) covers at least 80% of workers
- c) is based on the analytical, or “point”, method
- d) is carried out by a mixed-gender team
- e) is based on feedback from workers.

2.7.3 Using the job evaluation and its wage scales (FW2.3), including any extra wage components, the company evaluates whether it offers equal pay for work of equal value.

2.7.4 The evaluation results in a document that includes a written summary of the evaluation methodology.

2.7.5 The evaluation was completed or updated in the last five years.

2.7.6 The company tells its workers about the results.

2.7.7 The company creates a plan to address any wage gaps it identifies.

Intent:

To identify any disparities in how much the company pays groups of people doing similar jobs.

#### Clarifying the Compliance Criteria:

[2.7.1] “Based on headcount” means that each person counts as one whole number. This is different to counting “full-time equivalents”.

[2.7.2 c] The analytical, or “point”, method evaluates jobs or roles based on four basic factors. This determines the value of each job or role. The company compares the value score and wage for each job or role. If two roles have a similar value score, but different wages, then this likely indicates unequal pay for work of equal value.

[2.7.2 c] The four basic factors, with sub-factor examples, are:

- qualifications (e.g. academic, training, work experience, volunteer work)
- effort (e.g. emotional, mental, physical effort)
- responsibility (e.g. for people, confidential information, material resources, financial responsibility)
- working conditions (e.g. physical environment, psychological climate).

[2.7.2 c] The company assigns weighting to the four basic factors or sub-factors to match the company’s priorities. For example: 20% qualifications, 30% effort, 40% responsibility, and 10% working conditions.

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The assessment covers the company. If the company references an out-of-scope corporate assessment, it records evidence of:
  - how the assessment considered its stakeholders and operational impacts
  - how the assessment outcome is relevant to its context.

#### Further Guidance:

- In this sub-requirement, “pay” has the same meaning as “wage”.
- “Equal pay for work of equal value” is different from “equal pay for equal work”.
  - “Equal pay for equal work” is about ensuring that two people doing the same job are in the same wage scale.

- “Equal pay for work of equal value” means that people receive the same wage, or are in the same wage scale, when their jobs bring similar or identical value to the company. For example, bartenders and cleaners at a hotel have different jobs, but their working conditions and demands are similar enough that their work may be considered of equal value — and therefore fall in the same wage scale.
- Other jobs or roles that are often compared to one another include the following examples, with the former representing jobs or roles held predominantly by women and valued relatively less (adapted from Equal Pay: An Introductory Guide [\[EN\]](#), International Labour Organization, pg. 32).
  - Wardens in care for the elderly compared to security guards
  - Caterers or cleaners compared to gardeners or drivers
  - School meal supervisors compared to park supervisors
- Equal pay for work of equal value is usually discussed in the context of gender equity. However, an evaluation of equal pay for work of equal value looks at roles — not social identities. This benefits any social identity group that holds an undervalued role, or has experienced wage discrimination. For example, migrant workers and People of Color are other social identity groups that may benefit from this kind of assessment.
- Several countries — and most countries in the Organisation for Economic Co-operation and Development (OECD) — cover at least some aspect of equal pay for work of equal value in their legal systems. This may mean the company faces legal consequences if it identifies any unequal pay.
- This sub-requirement is part of the B Lab Standard because many countries with equal pay for equal work laws have no legal requirements or incentives to carry out evaluations. This can mean that wage gaps remain hidden and unchallenged. For more information specific to OECD countries, see Pay Transparency Tools to Close the Gender Wage Gap, OECD [\[EN\]](#).

#### Recommendations:

- Set up a Wage/Pay Equity Committee (see chapter 2 of Gender-neutral Job Evaluation for Equal Pay: A step-by-step guide, International Labour Organization) [\[EN\]](#).
- Account for various social identities, beyond gender identity, when selecting the evaluation team.

#### Implementation Resources:

Resources to learn about equal pay for work of equal value:

- Empowering Women at Work: Company Policies and Practices for Gender Equality, see section 2.1 (International Labour Organization, European Union and UN Women) [\[EN\]](#) [\[FR\]](#)
- Equal Pay: An Introductory Guide (International Labour Organization) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[JP\]](#) [\[RU\]](#)
- Women's Empowerment Principles - Principle 2. Treat all Women and Men Fairly at Work without Discrimination [\[Various languages\]](#), including AR, EN, ES, IT, FR, PT, RU, Simplified ZH]
- ILO Equal Remuneration Convention, 1951 (No. 100) (Article 2.1) [\[AR\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[NL\]](#) [\[PT\]](#) [\[RU\]](#) [\[Simplified ZH\]](#) [\[VN\]](#)
- International Covenant on Economic, Social and Cultural Rights (Article 7.a.i) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[Simplified ZH\]](#)
- Universal Declaration of Human Rights (Article 23.2) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[Simplified ZH\]](#)
- Gender Equality Forward Faster Target 2 (UN Global Compact) [\[Various languages\]](#), including AR, EN, ES, IT, FR, PT, RU, Simplified ZH]

Resources to evaluate equal pay for work of equal value:

- Gender-neutral Job Evaluation for Equal Pay: A step-by-step guide (International Labour Organization) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[PT\]](#) [\[RU\]](#) [\[Simplified ZH\]](#)
- Diagnosis for Equal Remuneration (UN Women) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)
- Pay Transparency Tools to Close the Gender Wage Gap (Organisation for Economic Co-operation and Development) [\[EN\]](#)

Interoperability:

- Conceptual Alignment Data Point
  - EU Pay Transparency Directive (PE-CONS 81/22) (21) (22) (26)
- Equivalency Data Point
  - [None]



## FW2.8 The company implements fair wage practices for its lowest-paid employees.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | All    | All      |
| Small                   | All    | All      |
| Micro                   | All    | All      |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:                                                     |
|-------|-------------|---------------------------------|---------------------------------------------------------------------------|
| FW2.8 | From Year 3 | None                            | The company implements fair wage practices for its lowest-paid employees. |



#### Compliance Criteria:

2.8.1 The company chooses and implements one of the following:

- a) FW2.8.a The company pays employees a living wage
- b) FW2.8.b The company pays employees a collectively-bargained wage
- c) FW2.8.c The company calculates its living wage gap, creates a closure plan, and meets two additional criteria.

#### Intent:

To ensure all companies take action on wages for their lowest-paid employees.

#### Clarifying the Compliance Criteria:

[2.8.1] The company implements this sub-requirement as required in the locations of its employees. This may mean the company implements different options for different locations. For example, the company may have employees in two countries — one with national collective bargaining and another without.

[2.8.1] The company chooses option FW2.8.b if employees are paid a collectively-bargained wage, even if it meets or exceeds a living wage.

[2.8.1] If the minimum wage is the same or higher than the living wage estimate, then the company meets this sub-requirement by paying the minimum wage.

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it records evidence of:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.



### FW2.8.a The company pays employees a living wage.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | All    | All      |
| Small                   | All    | All      |
| Micro                   | All    | All      |
| Company without workers | None   | None     |

| ID:     | Year        | Eligible for equity mechanisms? | Sub-requirement text:                     |
|---------|-------------|---------------------------------|-------------------------------------------|
| FW2.8.a | From Year 3 | None                            | The company pays employees a living wage. |



Compliance Criteria:

2.8.a.1 The company pays employees who are 18 years or older a living wage.

2.8.a.2 The company uses a living wage estimate approved by B Lab.

2.8.a.3 The company meets the criteria for calculating the total wage.

Intent:

To ensure the company pays its employees enough to afford a decent standard of living for them and their families.

#### Clarifying the Compliance Criteria:

[2.8.a.1] If there is no free living wage estimate for an employee's location then they may be excluded from this sub-requirement. For example, if there is a free estimate for location A but not for location B, then the company can meet the sub-requirement by paying a living wage to employees in location A.

[2.8.a.2] The company uses the following steps to find the right living wage estimate.

- Use a living wage estimate from Table 1, which lists the living wage estimates approved by B Lab. They are split into primary and secondary. Primary estimates are free, whereas secondary estimates are not free. Use a primary estimate, unless the company has employees in multiple countries, in which case they may use a secondary estimate to ensure consistency across countries.
- Use the most recent data available at the time of setting wages. If no year-average living wage estimate is available, use the most recent quarter.
- Pick the location of the living wage estimate that is as near and specific as possible to the location of employees.
- If needed, apply an estimate from an urban location for a rural location. This is acceptable, as urban estimates are higher. For example, the company may use the estimate for Buenos Aires or urban Argentina for rural parts of Argentina.
- For employees working remotely, use the living wage estimate for the location where the employee is registered for tax purposes.

[2.8.a.2] Only living wage estimates listed in Table 1 are accepted.

[2.8.a.2] Living wage estimates calculated by the company are not accepted, unless they are based on accepted estimates and higher than them.

Living wage estimates approved by B Lab

- Locations not listed below
  - Primary: [Global Living Wage Coalition](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Aotearoa New Zealand



- Primary: [Living Wage Movement Aotearoa New Zealand](#)
- Secondary
  - [WageIndicator](#) - Use “typical family” and “lower bound”.
  - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Africa — various locations
  - Primary
    - [Global Living Wage Coalition](#)
    - [NewForesight](#) - Use the “gross living wage” figure based on a “typical family” and assuming multiple wage earners.
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Alberta
  - Primary: [Alberta Living Wage Network](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — British Columbia
  - Primary: [Living Wage for Families BC](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.

- Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Ontario
  - Primary: [Ontario Living Wage Network](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Manitoba
  - Primary: [Canadian Centre for Policy Alternatives](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Newfoundland and Labrador
  - Primary: [Canadian Centre for Policy Alternatives](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Nova Scotia
  - Primary: [Canadian Centre for Policy Alternatives](#)
  - Secondary

- [WageIndicator](#) - Use “typical family” and “lower bound”.
- Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — New Brunswick
  - Primary: [Human Development Council](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Quebec
  - Primary: [Institut de recherche et d'informations socio-économiques \(IRIS\)](#) - Use “ménage composé de deux adultes et de deux enfants”
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Hong Kong
  - Primary: [Oxfam Hong Kong](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Ireland
  - Primary: [Living Wage Ireland](#) - Use two, three or four children, and two adults.

- Secondary
  - [WageIndicator](#) - Use “typical family” and “lower bound”.
  - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Latin America — various locations
  - Primary
    - [Global Living Wage Coalition](#)
    - [NewForesight](#) - Use the “gross living wage” figure based on a “typical family” and assuming multiple wage earners.
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Spain — Barcelona Metropolitan Area
  - Primary: [Àrea Metropolitana de Barcelona \(AMB\)](#) - Use “Parella amb 2 o més fills/es”
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Singapore
  - Primary: [MIS Singapore](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.

- Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- South Korea — Gyeonggi
  - Primary: [Gyeonggi Provincial Government](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- South Korea — Seoul
  - Primary: [Seoul Metropolitan Council](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- United Kingdom
  - Primary: [Living Wage Foundation](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- United States
  - Primary
    - [Living Wage for US](#) - Use “Monthly Living Wage (lowest cost County in commuting zone for tier II certification)”

- [MIT Living Wage Calculator](#) - Use two or three children, and use “two adults (both working)” or “two adults (one working)”
- Secondary: Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Locations not listed above
  - Primary: [Global Living Wage Coalition](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).

[2.8.a.3] The company calculates employees’ total wage:

- using the same rate as the living wage estimate (e.g. by hour, week, month, or year)
- assuming full-time work, meaning the total wage for part-time employees is converted to full-time
- using gross figures, meaning before applying tax.

[2.8.a.3] The company includes extra wage components in the total wage that meet the following principles.

- Relevant — they affect life essentials for the employee and their family, such as housing, food, or education. Any work-related costs are excluded (e.g. if the company pays for personal protective equipment). Only include costs that are part of a cost category in the living wage estimate (e.g. if the estimate does not account for childcare, then do not include childcare vouchers).
- Predictable — the employee knows what to expect and when, so they can organize and plan their finances (e.g. a fixed monthly allowance, or bonuses determined by policy, rather than management discretion).
- Usable — the employee can use the extra component easily (e.g. it is paid in cash, rather than gift vouchers for specific shops).
- Accessible — the employee receives the extra component within a year, so that it can contribute to their weekly or monthly costs.
- Earned in standard hours — employees do not rely on overtime work to receive the extra component.

[2.8.a.3] The company excludes the following extra wage components in the total wage.

- Pension contributions (unless included as a cost category in the living wage estimate)
- Profit-sharing bonuses based on the company's performance
- Overtime pay (as it is earned outside standard working hours)
- Leave indemnity or termination pay
- Life insurance
- Disability and accident insurance
- Sick leave pay
- Training and professional development costs
- Costs of equipment needed for work (e.g. personal protective equipment).

[2.8.a.3] No single extra wage component may account for more than 20% of the total wage (except for tips). For example, if a housing allowance makes up 30% of the total wage, the company caps the extra wage component at 20% of the total wage.

[2.8.a.3] When calculating the value of in-kind benefits, the company includes only its contribution and not their retail value. For example, the company includes the cost to produce cafeteria lunch, not the retail price of the food.

[2.8.a.3] If the company is in the US, it calculates its contribution to employee healthcare using the formula below. The calculation assumes the company provides a family health insurance plan. It does not apply if the company provides an individual health insurance plan.

*(i) Cost of health insurance premium from living wage estimate*

*- (ii) Cost of health insurance premium to the employee*

*= (iii) Cost saving to include in the total wage calculation*

To identify each part of the calculation:

*(i) Cost of health insurance premiums from living wage estimate*

- Use the cost from Living Wage For US listed under “Health Insurance Premiums” for the relevant location [\[EN\]](#).

*(ii) Cost of health insurance premium to the employee*

- Use the cost for a family plan covering four people, even if employees can choose different plans (as the cost assumes a family of four as well).
- Use the most advantageous plan for employees at the entry level.
- Use the cost for a silver plan or better.
- Use the same cost for all employees (i.e. there is no need to identify the specific cost per employee).

(iii) Cost saving to include in the total wage calculation

- If the result is negative, count it as zero.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it records evidence of:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

Calculating the total wage

- Extra wage components may include, for example:
  - fixed end-of-year bonuses, such as a “13th month” bonus
  - supermarket vouchers
  - accommodation the company provides (including only the cost to the company, not the retail value)
  - housing allowances
  - crèche or nursery care, if the cost of child care is included in the chosen living wage estimate (including only the cost to the company, not the retail value)

- healthcare insurance, if the cost of healthcare is included in the chosen living wage estimate (including only the cost to the company, not the retail value)
- cafeteria lunches (including only the cost to the company, not the retail value)
- transport allowances (if they cover the employee's daily commute — but not for work travel)
- mobile phone allowances (if they cover the employee's personal use — but not if they cover work use)
- performance bonuses, if they are:
  - based on personal performance, not company performance
  - formalized in a company policy
  - earned during standard working hours
- tips (only if the company has a policy to guarantee employees a living wage — meaning that if the total wage including tips falls below a living wage, the company covers the difference).

#### Recommendations:

- Combine implementing a living wage with collective bargaining. For example, share living wage resources with unions for feedback and to support their negotiating power.
- Pay a living wage to independent contractors.

#### Implementation Resources:

##### Resources to define a living wage:

- Global Living Wage Coalition [\[EN\]](#)
- Anker Methodology (see chapter 2, section 1) [\[EN\]](#)
- WageIndicator's visual explanation [\[EN\]](#)
- Universal Declaration of Human Rights (Article 23.2, 25.1) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[Simplified ZH\]](#)

- International Covenant on Economic, Social and Cultural Rights (Article 7.a.ii) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[Simplified ZH\]](#)
- Report of the Meeting of Experts on wage policies, including living wages (International Labour Organization) Conclusion 5 [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[Simplified ZH\]](#)

Resources to calculate total wages:

- Anker methodology (see chapter 15) [\[EN\]](#)
- Salary Matrix (IDH) [\[EN\]](#)

Resources to implement living wage for employees:

- Living Wage Benchmark Reference Sheet Achieving the Living Wage Ambition: Reference Sheet and Implementation Guidance (UN Global Compact) [\[EN\]](#) [\[ES\]](#)
- Living Wage Analysis Tool (UN Global Compact) [\[EN\]](#)

Global membership initiatives working on living wage:

- ACT [\[EN\]](#)
- AIM-Progress [\[EN\]](#)
- Fair Labor Association [\[EN\]](#)
- IDH [\[EN\]](#)
- Global Living Wage Coalition [\[EN\]](#)
- UN Global Compact [\[EN\]](#)
- Wage Map [\[EN\]](#)

Other resources:

- Living Wage Playbook (AIM-Progress) [\[EN\]](#)
- WageIndicator's FAQ [\[EN\]](#)
- The International Labour Organization and the Living Wage: A Historical Perspective (ILO) [\[EN\]](#)



- The Case for Living Wages (Business Fights Poverty) [[EN](#)]
- Living Wage Forward Faster Target 1 (UN Global Compact) [[Various languages](#), including AR, EN, ES, IT, FR, PT, RU, Simplified ZH]

#### Interoperability:

- Conceptual Alignment Data Point
  - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.B.4 Living wage gap
  - European Sustainability Reporting Standards S1 2023 - Disclosure Requirement S1-10 – Adequate wages (67)
  - Corporate Human Rights Benchmark 2025-2026 (World Benchmarking Alliance) F01
  - Workforce Disclosure Initiative 2024 (ShareAction) 5.7
- Equivalency Data Point
  - Canada (Alberta): Alberta Living Wage Network
  - Canada (British Columbia): Living Wage for Families BC
  - Canada (Ontario): Ontario Living Wage Network
  - New Zealand: Living Wage Movement Aotearoa New Zealand
  - UK: Living Wage Foundation
  - USA: Living Wage for US Tier II
  - Various locations: Fair Wage Network accreditation
  - Various locations: SA8000



### FW2.8.b The company pays employees a collectively-bargained wage.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | All    | All      |
| Small                   | All    | All      |
| Micro                   | All    | All      |
| Company without workers | None   | None     |

| ID:     | Year        | Eligible for equity mechanisms? | Sub-requirement text:                                     |
|---------|-------------|---------------------------------|-----------------------------------------------------------|
| FW2.8.b | From Year 3 | None                            | The company pays employees a collectively-bargained wage. |



Compliance Criteria:

2.8.b.1 The company pays employees a collectively-bargained wage.

2.8.b.2 The collectively-bargained wage is part of a collective bargaining agreement. The agreement:

- a) is recognized by national legislation
- b) is active
- c) goes above simply referring to legal minimums
- d) is as advantageous as legal entitlements.

Intent:

To ensure employees can negotiate for better working conditions and wages.

#### Clarifying the Compliance Criteria:

[2.8.b.2] National-, industry-, and company-level collective bargaining agreements all meet this sub-requirement.

[2.8.b.2] If a company-level collective bargaining agreement provides less favorable conditions than a higher-level agreement (at an industry or national level), then the company uses the more favorable agreement. Using a lower-level agreement to provide less favorable conditions, known as derogation, does not meet this sub-requirement.

[2.8.b.2 a] A collective bargaining agreement is “active” if it has not expired and is not under active negotiation (as confirmed by the union).

[2.8.b.2 c] The agreement does not meet the sub-requirement if it simply "refers to legal minimums", because this goes against the intent of a collective bargaining agreement.

[2.8.b.2 d] The agreement is "as advantageous as legal entitlements" if it provides the same or greater entitlement than the legal default (e.g. it increases the wage above the minimum wage).

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it records evidence of:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

#### Recommendations:

- Combine implementing a living wage with collective bargaining. For example, share living wage resources with unions for feedback and to support their negotiating power.
- Pay a living wage to independent contractors.

#### Implementation Resources:

##### Resources to learn about collective bargaining:

- Achieving Decent Work and Inclusive Growth: The Business Case for Social Dialogue (UN Global Compact) [\[EN\]](#)

- Questions to address freedom of association and social dialogue in the agrifood sector: A guide for traders, buyers, CSR managers, brand or retail representatives (CNV Internationaal and Fairtrade International) [\[EN\]](#)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98) [\[AR\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[NL\]](#) [\[PT\]](#) [\[RU\]](#) [\[Simplified ZH\]](#) [\[VN\]](#)
- Universal Declaration of Human Rights (Articles 23.4) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[Simplified ZH\]](#)
- International Covenant on Economic, Social and Cultural Rights (Article 8.1) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[Simplified ZH\]](#)

Resources to ask questions about collective bargaining:

- Helpdesk for Business on International Labour Standards (International Labour Organization) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[Simplified ZH\]](#)

Interoperability:

- Conceptual Alignment Data Point
  - GRI 2: General Disclosures 2021 - Disclosure 2-30 Collective bargaining agreements
  - European Sustainability Reporting Standards S1 2023 - Disclosure Requirement S1-8 – Collective bargaining coverage and social dialogue (58)
  - Corporate Human Rights Benchmark 2025-2026 (World Benchmarking Alliance) F07
  - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.B.15 Union density and collective bargaining coverage
  - Communication on Progress Questionnaire 2023 (UN Global Compact) HR6, L6
  - Workforce Disclosure Initiative 2024 (ShareAction) 9.2, 9.4
- Equivalency Data Point
  - [None]



**FW2.8.c The company calculates its living wage gap, creates a closure plan, and meets two additional criteria.**

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | All    | All      |
| Small                   | All    | All      |
| Micro                   | All    | All      |
| Company without workers | None   | None     |

| ID:     | Year        | Eligible for equity mechanisms? | Sub-requirement text:                                                                                  |
|---------|-------------|---------------------------------|--------------------------------------------------------------------------------------------------------|
| FW2.8.c | From Year 3 | None                            | The company calculates its living wage gap, creates a closure plan, and meets two additional criteria. |

Compliance Criteria:

2.8.c.1 The company calculates its living wage gap.

2.8.c.2 The company calculates the number and percentage of employees whose total wage is below the living wage.

2.8.c.3 The company creates an internal plan to close its living wage gap.

2.8.c.4 The company meets two of the following criteria at minimum.

- a) It pays employees at least 75% of a living wage.
- b) It has a high-to-low wage ratio of 10:1 or less.
- c) It increases base wages annually to match inflation.
- d) It leads one collective action at minimum to increase wages or benefits.
- e) It shares publicly:
  - i) how it determines wages for its lowest- and highest-paid employees
  - ii) the lowest wage and highest wage in the company, or its high-to-low wage ratio.
- f) It gets a third party to confirm its lowest wages are in the top quartile for its local sector or industry.
- g) It pays employees a bonus equivalent to one month of their base wage.
- h) It provides free childcare to employees.
- i) It provides a pension contribution of at least 7% to employees.



Intent:

To ensure companies not meeting one of the other options (FW2.8.a or FW2.8.b) still:

- take action on wages for their lowest-paid employees
- lay the foundations to implement a living wage.



#### Clarifying the Compliance Criteria:

[2.8.c.1; 2.8.c.2] The company calculates the gap by employee, role, or wage scale.

[2.8.c.1] The “living wage gap” is the difference between the living wage estimate and an employee’s total wage.

[2.8.c.1] The company calculates living wage gaps for employees who are:

- located in places with free and approved living wage estimates
- not subject to a collective bargaining agreement.

[2.8.c.1] If there is no free living wage estimate for an employee’s location then they may be excluded from this sub-requirement. For example, if there is a free estimate for location A but not for location B, then the company can meet the sub-requirement by paying a living wage to employees in location A.

[2.8.c.1] The company uses the following steps to find the right living wage estimate.

- Use a living wage estimate from Table 1, which lists the living wage estimates approved by B Lab. They are split into primary and secondary. Primary estimates are free, whereas secondary estimates are not free. Use a primary estimate, unless the company has employees in multiple countries, in which case they may use a secondary estimate to ensure consistency across countries.
- Use the most recent data available at the time of setting wages. If no year-average living wage estimate is available, use the most recent quarter.
- Pick the location of the living wage estimate that is as near and specific as possible to the location of employees.
- If needed, apply an estimate from an urban location for a rural location. This is acceptable, as urban estimates are higher. For example, the company may use the estimate for Buenos Aires or urban Argentina for rural parts of Argentina.
- For employees working remotely, use the living wage estimate for the location where the employee is registered for tax purposes.

[2.8.c.1] Only living wage estimates listed in Table 1 are accepted.

[2.8.c.1] Living wage estimates calculated by the company are not accepted, unless they are based on accepted estimates and higher than them.

Living wage estimates approved by B Lab

- Locations not listed below
  - Primary: [Global Living Wage Coalition](#)

- Secondary
  - [WageIndicator](#) - Use “typical family” and “lower bound”.
  - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Aotearoa New Zealand
  - Primary: [Living Wage Movement Aotearoa New Zealand](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Africa — various locations
  - Primary
    - [Global Living Wage Coalition](#)
    - [NewForesight](#) - Use the “gross living wage” figure based on a “typical family” and assuming multiple wage earners.
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Alberta
  - Primary: [Alberta Living Wage Network](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.

- Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — British Columbia
  - Primary: [Living Wage for Families BC](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Ontario
  - Primary: [Ontario Living Wage Network](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Manitoba
  - Primary: [Canadian Centre for Policy Alternatives](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Newfoundland and Labrador
  - Primary: [Canadian Centre for Policy Alternatives](#)
  - Secondary

- [WageIndicator](#) - Use “typical family” and “lower bound”.
- Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Nova Scotia
  - Primary: [Canadian Centre for Policy Alternatives](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — New Brunswick
  - Primary: [Human Development Council](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Canada — Quebec
  - Primary: [Institut de recherche et d'informations socio-économiques \(IRIS\)](#) - Use “ménage composé de deux adultes et de deux enfants”
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Hong Kong
  - Primary: [Oxfam Hong Kong](#)

- Secondary
  - [WageIndicator](#) - Use “typical family” and “lower bound”.
  - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Ireland
  - Primary: [Living Wage Ireland](#) - Use two, three or four children, and two adults.
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Latin America — various locations
  - Primary
    - [Global Living Wage Coalition](#)
    - [NewForesight](#) - Use the “gross living wage” figure based on a “typical family” and assuming multiple wage earners.
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Spain — Barcelona Metropolitan Area
  - Primary: [Àrea Metropolitana de Barcelona \(AMB\)](#) - Use “Parella amb 2 o més fills/es”
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.

- Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Singapore
  - Primary: [MIS Singapore](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- South Korea — Gyeonggi
  - Primary: [Gyeonggi Provincial Government](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- South Korea — Seoul
  - Primary: [Seoul Metropolitan Council](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.
    - Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- United Kingdom
  - Primary: [Living Wage Foundation](#)
  - Secondary



- [WageIndicator](#) - Use “typical family” and “lower bound”.
- Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- United States
  - Primary
    - [Living Wage for US](#) - Use “Monthly Living Wage (lowest cost County in commuting zone for tier II certification)”
    - [MIT Living Wage Calculator](#) - Use two or three children, and use “two adults (both working)” or “two adults (one working)”
  - Secondary: Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).
- Locations not listed above
  - Primary: [Global Living Wage Coalition](#)
  - Secondary
    - [WageIndicator](#) - Use “typical family” and “lower bound”.

Fair Wage Network (locations searchable via [IDH Living Wage Identifier Tool](#)) - Use the estimate adjusted for “FR” (fertility rate) and “IE” (income earners).

[2.8.c.1] The company calculates employees’ total wage:

- using the same rate as the living wage estimate (e.g. by hour, week, month, or year)
- assuming full-time work, meaning the total wage for part-time employees is converted to full-time
- using gross figures, meaning before applying tax.

[2.8.c.1] The company includes extra wage components in the total wage that meet the following principles.

- Relevant — they affect life essentials for the employee and their family, such as housing, food, or education. Any work-related costs are excluded (e.g. if the company pays for personal protective equipment). Only include costs that are part of a cost category in the living wage estimate (e.g. if the estimate does not account for childcare, then do not include childcare vouchers).

- Predictable — the employee knows what to expect and when, so they can organize and plan their finances (e.g. a fixed monthly allowance, or bonuses determined by policy, rather than management discretion).
- Usable — the employee can use the extra component easily (e.g. it is paid in cash, rather than gift vouchers for specific shops).
- Accessible — the employee receives the extra component within a year, so that it can contribute to their weekly or monthly costs.
- Earned in standard hours — employees do not rely on overtime work to receive the extra component.

[2.8.c.1] The company excludes the following extra wage components in the total wage.

- Pension contributions (unless included as a cost category in the living wage estimate)
- Profit-sharing bonuses based on the company's performance
- Overtime pay (as it is earned outside standard working hours)
- Leave indemnity or termination pay
- Life insurance
- Disability and accident insurance
- Sick leave pay
- Training and professional development costs
- Costs of equipment needed for work (e.g. personal protective equipment).

[2.8.c.1] No single extra wage component may account for more than 20% of the total wage (except for tips). For example, if a housing allowance makes up 30% of the total wage, the company caps the extra wage component at 20% of the total wage.

[2.8.c.1] When calculating the value of in-kind benefits, the company includes only its contribution and not their retail value. For example, the company includes the cost to produce cafeteria lunch, not the retail price of the food.

[2.8.c.1] If the company is in the US, it calculates its contribution to employee healthcare using the formula below. The calculation assumes the company provides a family health insurance plan. It does not apply if the company provides an individual health insurance plan.

*(i) Cost of health insurance premium from living wage estimate*

*- (ii) Cost of health insurance premium to the employee*

= (iii) *Cost saving to include in the total wage calculation*

To identify each part of the calculation:

(i) Cost of health insurance premiums from living wage estimate

- Use the cost from Living Wage For US listed under “Health Insurance Premiums” for the relevant location [\[EN\]](#).

(ii) Cost of health insurance premium to the employee

- Use the cost for a family plan covering four people, even if employees can choose different plans (as the cost assumes a family of four as well).
- Use the most advantageous plan for employees at the entry level.
- Use the cost for a silver plan or better.
- Use the same cost for all employees (i.e. there is no need to identify the specific cost per employee).

(iii) Cost saving to include in the total wage calculation

- If the result is negative, count it as zero.

[2.8.c.1; 2.8.c.2] The company calculates the gap by employee, role, or wage scale.

[2.8.c.3] The company does not need to share its plan to close its living wage gap externally.

[2.8.c.3] The company does not need to implement the plan to meet this sub-requirement.

[2.8.c.3] The company does not create a plan if it cannot calculate any living wage gaps (e.g. if it operates in a location where no free and approved living wage estimates are available).

[2.8.c.4 a] The company cannot choose this option if 75% of a living wage is below the minimum wage.

[2.8.c.4 a] The company may also pay a living wage estimate for an individual if this data is available.

[2.8.c.4 b] The “high-to-low wage ratio” is the ratio between the highest wage and the lowest wage in the company. For example, if the highest wage the company pays is \$300,000 and the lowest is \$30,000, it would have a high-to-low wage ratio of 10:1.



[2.8.c.4 b] The company calculates the ratio using gross total wages plus bonuses not captured in the total wage. The calculation excludes shareholder equity. The company may use the same “total wage” information from the living wage (FW2.8.a, FW2.8.c.1) or gender wage gap (FW2.4) calculations to calculate the high-to-low wage ratio.

[2.8.c.4 b] If the company has employees in multiple countries, it calculates the ratio for each one. To fulfill this option, the company meets the 10:1 ratio (as a maximum) in all countries.

[2.8.c.4 c] When setting wages, the company uses inflation data that:

- is the most recent data at the time of setting wages
- comes from an official national source.

[2.8.c.4 d] “Leading at least one collective action” means the company leads or co-leads an initiative to improve wages or benefits for six months at minimum.

[2.8.c.4 d] The action focuses on wages for the lowest paid.

[2.8.c.4 d] Actions that do not require the company to take a leadership role or require ongoing involvement do not meet this option, such as:

- signing a petition
- publishing sporadic social media posts (that are not part of an organized public campaign)
- writing a single letter to a government official.

[2.8.c.4 e] The company publicly shares:

- how it determines wages for its lowest- and highest-paid employees
- why it does not pay either a living wage or collectively-bargained wage
- its intentions and targets related to wages for the lowest-paid employees.

[2.8.c.4 e] The company publicly shares one of the following.

- The lowest wage and highest wage in the company
- Its high-to-low wage ratio

[2.8.c.4 e] All information from the criteria above is shared in the same place.

[2.8.c.4 f] The company has a report from a third party confirming that the wages it pays its lowest-paid employees are in the top quartile when compared to at least four similar companies.

[2.8.c.4 f] “Top quartile” means the company pays a higher lowest wage than three-quarters, or 75%, of the sample.

[2.8.c.4 f] “Similar companies” are those that:

- operate in the same sector or industry
- operate in the same location (e.g. city, province, or county)
- are a similar size.

[2.8.c.4 f] The third party confirms in the report that they chose:

- the companies in the sample
- the locations in the sample, if the company has employees in multiple locations.

[2.8.c.4 g] If the company chooses both the option to pay employees at least 75% of a living wage, and the option to pay employees a bonus worth one month of their base wage, it avoids double counting any bonuses. The company excludes any bonus included to calculate the total wage, such as a fixed end-of-year bonus or any legally-mandated bonus (e.g. “13th month” bonus).

[2.8.c.4 h] The company ensures employees have access to childcare facilities by providing one of the following.

- Childcare facilities
- Access to third-party childcare facilities
- A childcare voucher or allowance that covers at least 80% of childcare costs

[2.8.c.4 h] The company cannot choose this option if:

- the government covers access to childcare
- the company chooses the option to pay employees at least 75% of a living wage, and includes childcare in its living wage calculation (not all living wage estimates include the cost of childcare, and it is therefore sometimes excluded from total wage calculations).

[2.8.c.4 i] The company contributes 7% of the employee's monthly base wage to their pension.

[2.8.c.4 i] The company's contribution is separate from any employee contribution that the company processes.

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it records evidence of:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

#### Further Guidance:

- In relation to collective action [FW2.8.c.4 d]:
  - "Leading or co-leading an initiative to improve wages or benefits" may include, for example:
    - commissioning or funding research on wages or benefits, and sharing the results publicly
    - leading a multi-stakeholder initiative that enables learning or action
    - leading an industry, sector, or professional association that enables learning or action
    - implementing a local or national campaign
    - campaigning on public policy improvements
    - lobbying the government on public policy improvements.
  - The action focuses on wages for the lowest paid. It may address, for example:
    - the minimum wage
    - a living wage
    - collective bargaining
    - public services or benefits

- profit sharing or redistribution.

#### Recommendations:

- Calculate the living wage gap for the company's independent contractors.
- Share the plan to close the company's living wage gap with employees.
- Commit publicly to closing the living wage gap.

#### Implementation Resources:

##### Resources on living wage:

- Global Living Wage Coalition [\[EN\]](#)
- Anker Methodology (see chapter 2, section 1) [\[EN\]](#)
- WageIndicator's visual explanation [\[EN\]](#)
- Universal Declaration of Human Rights (Article 23.2, 25.1) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[Simplified ZH\]](#)
- International Covenant on Economic, Social and Cultural Rights (Article 7.a.ii) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[Simplified ZH\]](#)
- Report of the Meeting of Experts on wage policies, including living wages (International Labour Organization) Conclusion 5 [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[Simplified ZH\]](#)

##### Resources on childcare:

- Tackling Childcare: A guide for employer-supported childcare (International Finance Corporation) [\[EN\]](#)

#### Interoperability:

- Conceptual Alignment Data Point
  - GRI 2: General Disclosures 2021 - Disclosure 2-21 Annual total compensation ratio (a)
  - European Sustainability Reporting Standards S1 2023 - Disclosure Requirement S1-10 – Adequate wages (97.b)



- 
- Desafío 10X
  - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.B.3 CEO-to-worker pay ratio
  - Workforce Disclosure Initiative 2024 (ShareAction) 5.1
  - Living Pensions (UK Living Wage Foundation)
  - Equivalency Data Point
    - [None]



## FW3 The company considers feedback from workers on decisions that affect them.

### FW3.1 The company has an employee representation mechanism.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | None   | None     |
| Medium                  | None   | None     |
| Small                   | None   | None     |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:                                 |
|-------|-------------|---------------------------------|-------------------------------------------------------|
| FW3.1 | From Year 3 | None                            | The company has an employee representation mechanism. |



---

Compliance Criteria:

3.1.1 The company has an employee representation mechanism.

3.1.2 Representatives meet and record meeting notes.

3.1.3 The company supports its employees to fulfill their employee representative roles during regular working hours.

3.1.4 The employee representatives and the company's executive team or highest governing body communicate at least twice a year.

3.1.5 The company publicly shares if its employees do not want an employee representation mechanism, and explains how it determined this.

Intent:

To ensure the company provides formal opportunities for employees to share feedback.

#### Clarifying the Compliance Criteria:

[3.1.1] If the company is in a country with government-controlled unions, or where unions are illegal, it can have a different employee representation mechanism.

[3.1.1] Employee resource and affinity groups are not accepted as employee representation mechanisms for this sub-requirement. This is because, by default, employee resource and affinity groups should provide safe spaces for discussion, without the expectation of formally representing employees.

[3.1.1] An employee representation mechanism does not meet the sub-requirement if it only focuses on one topic or theme (e.g. a health and safety committee).

[3.1.1] The company complies with national legislation on workers' right to freedom of association and collective bargaining.

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it records evidence of:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.
- References to the highest governing body or executive team mean those within the company's scope of certification. This means that communication with the worker bodies by an out-of-scope parent body does not meet the sub-requirement, unless the company has additional communication at the highest governing body or executive team within its scope of certification.

#### Further Guidance:

- Formal employee representation mechanisms include, for example:
  - unions
  - works councils
  - worker committees.
- The company “captures the formal nature of the mechanism in a document”, such as a:

- 
- policy
  - procedure
  - terms of reference document
  - charter
  - memorandum of understanding
  - union agreement.
  - If employees do not want an employee representation mechanism then the company should not force one on them. This would be against their right to freedom of association.

#### Recommendations:

- Provide training for employee representatives to fulfill their role, unless another body is responsible for providing training (e.g. a union).
- Prioritize employee representation mechanisms in the following order, recognising they are not all considered equal in terms of effectiveness and alignment with international labor standards.
  - Union
  - Works council
  - Worker committee
- Expand the scope of the employee representation mechanism to include independent contractors.

#### Implementation Resources:

Resources to learn about freedom of association and worker representation:

- Achieving Decent Work and Inclusive Growth: The Business Case for Social Dialogue (UN Global Compact) [\[EN\]](#)
- Guides on trade union and employee representation (Acas) [\[EN\]](#) (Note, these guides were designed for the United Kingdom, however the principles in the guides remain relevant globally)



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Resources to ask question about freedom of association and worker representation:

- Helpdesk for Business on International Labour Standards (International Labour Organization) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[Simplified ZH\]](#)

Interoperability:

- Conceptual Alignment Data Point
  - Workforce Disclosure Initiative 2024 (ShareAction) 9.7
- Equivalency Data Point
  - [None]



### FW3.2 The company considers feedback from workers on decisions that affect them.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | All    | All      |
| Small                   | All    | All      |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:                                                      |
|-------|-------------|---------------------------------|----------------------------------------------------------------------------|
| FW3.2 | From Year 0 | None                            | The company considers feedback from workers on decisions that affect them. |



#### Compliance Criteria:

3.2.1 The company seeks, considers, and addresses worker feedback on decisions that affect them.

3.2.2 The company seeks feedback from the workers affected by a decision, or their representative.

3.2.3 The company communicates its decision and how it considered feedback back to the relevant workers, or their representative.

#### Intent:

To ensure the company has a meaningful and proactive approach to understanding workers' perspectives and considering them when making decisions. The intent is not that the company has to agree with workers' feedback.

#### Clarifying the Compliance Criteria:

[3.2.1; 3.2.2] The company may seek feedback from a sample of workers, or from representatives of formal employee representation mechanisms (rather than consulting all workers).

[3.2.1; 3.2.2] The company may seek feedback from employee resource or affinity groups (JEDI2.f), with their consent. However, these groups do not serve as formal representatives by default.

[3.2.1; 3.2.2] The company may seek feedback from a sample of workers, or from representatives of formal employee representation mechanisms (rather than consulting all workers).

[3.2.1; 3.2.2] The company may seek feedback from employee resource or affinity groups (JEDI2.f), with their consent. However, these groups do not serve as formal representatives by default.

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it records evidence of:
  - roll out, enforcement, and accountability mechanisms
  - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

#### Further Guidance:

- The company may seek feedback from a sample of workers, or from representatives of formal employee representation mechanisms (rather than consulting all workers). These mechanisms include, for example:
  - unions
  - works councils
  - worker committees.
- Moments for the company to seek feedback may include, for example:
  - Reviewing worker wages or benefits

- Renovating a workplace
- Choosing a new internal communications tool
- Deciding to take on a new or controversial client
- Merger or acquisition.
- Further ways for the company to seek feedback may include, for example:
  - meetings
  - focus group discussions
  - surveys, polls, or votes
  - third-party social assessments.

#### Recommendations:

- When communicating decision outcomes, explain where the company agreed or disagreed with the feedback, and how the feedback influenced a decision.
- Prioritize employee representation mechanisms in the following order, recognising they are not all considered equal in terms of effectiveness and alignment with international labor standards.
  - Unions
  - Works councils
  - Worker committees

#### Interoperability:

- Conceptual Alignment Data Point
  - European Sustainability Reporting Standards S1 2023 - Disclosure Requirement S1-2 – Processes for engaging with own workforce and workers' representatives about impacts (25)



- 
- Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.B.16 Worker participation
  - Workforce Disclosure Initiative 2024 (ShareAction) 9.1, 9.9
  - Equivalency Data Point
    - [None]

## FW4 The company measures workplace culture and takes action to improve it.

### FW4.1 The company measures workplace culture regularly.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | All    | All      |
| Small                   | All    | All      |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:                             |
|-------|-------------|---------------------------------|---------------------------------------------------|
| FW4.1 | From Year 0 | None                            | The company measures workplace culture regularly. |

Compliance Criteria:

4.1.1 The measurement focuses on outcomes for workers.

4.1.2 The measurement includes at least two of the following themes.

- a) Satisfaction
- b) Wellbeing
- c) Belonging
- d) Feeling engaged
- e) Being engaged
- f) Psychological safety

4.1.3 The company states in its communications about the measurement that participation is optional.

4.1.4 The company completes the measurement:

- a) in the twelve months before Year 0
- b) in each subsequent year.

4.1.5 The measurement is done annually.

4.1.6 If the company has 50 workers or more (based on headcount) then:

- a) The measurement is both qualitative and quantitative.
- b) The measurement is anonymous by default. Where anonymity cannot be ensured, the company informs workers.

Intent:

To ensure the company assesses its workplace culture and understands workers' experiences and perceptions of the company and workplace.

#### Clarifying the Compliance Criteria:

[4.1.1; 4.1.2; 4.1.6a] The measurement may be qualitative or quantitative, or a combination. If the company has 50 workers or more (based on headcount), then the measurement is both qualitative and quantitative.

[4.1.1; 4.1.6] “Headcount” means that each person counts as one whole number. This is different to counting “full-time equivalents”.

[4.1.1; 4.1.2] The company records notes if it organizes workshops or group discussions. Wherever possible, the company anonymizes information and avoids attributing specific feedback to individual workers (unless they consent).

[4.1.1; 4.1.2] The company may use one combined worker measurement to fulfill this sub-requirement and PSG6.3, if it applies. (PSG6.3 is about workers’ perception of how the company has implemented its social and environmental strategy.)

[4.1.1] “Measuring outcomes” means the company evaluates workers’ personal experiences or perceptions. Measurement can include outputs as well as outcomes (e.g. training attendance), but only measuring outputs does not meet the sub-requirement. If training attendance was the output, the company would also need to track, for example, workers’ perceptions of the training, or whether the training had the intended effects (e.g. an increase in productivity).

[4.1.1; 4.1.2; 4.1.6a] The measurement may be qualitative or quantitative, or a combination. If the company has 50 workers or more (based on headcount), then the measurement is both qualitative and quantitative.

[4.1.1; 4.1.2] The company records notes if it organizes workshops or group discussions. Wherever possible, the company anonymizes information and avoids attributing specific feedback to individual workers (unless they consent).

[4.1.1; 4.1.2] The company may use one combined worker measurement to fulfill this sub-requirement and PSG6.3, if it applies. (PSG6.3 is about workers’ perception of how the company has implemented its social and environmental strategy.)

[4.1.1; 4.1.6] “Headcount” means that each person counts as one whole number. This is different to counting “full-time equivalents”.

[4.1.1; 4.1.2; 4.1.6 a] The measurement may be qualitative or quantitative, or a combination. If the company has 50 workers or more (based on headcount), then the measurement is both qualitative and quantitative.

[4.1.6 b] The measurement is “anonymous by default”, meaning workers are not required to share their name or identifiable information. Workers can choose to share identifiable information if they want to.



[4.1.6 b] The company tells workers what measures it is taking to anonymize their feedback before they participate. The company may not be able to guarantee anonymity if some information is easily identifiable (e.g. if only one person works in a particular location, or has a unique role). Maintaining anonymity can be harder for companies with smaller workforces in particular.

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it:
  - records the data and mechanism for measuring its own operations
  - describes how data is consolidated in the out-of-scope parent's reporting.

#### Further Guidance:

- The company may collect qualitative information using, for example:
  - workshops
  - group discussions
  - company events
  - surveys with text fields
  - message boards.
- The company may collect quantitative information using, for example, surveys with numerical scales and polls.
- Sub-themes to the themes in the Compliance Criteria are listed below. The company may use these examples to formulate questions or statements for measuring workplace culture (noting they inherently overlap in places).
  - Satisfaction
    - Feeling content with management or the company
    - Recommending the job or company to friends or family
    - Not thinking about leaving the company, or not looking for a job elsewhere
  - Wellbeing



- 
- Balance between work and personal life
  - Positive and negative stress levels
  - Workload management
  - Use of or effectiveness of leave policies
  - Use of or effectiveness of wellbeing programs or benefits
  - Access to nutrition in company eating facilities
  - Belonging
    - Ability to be one's self at work
    - Feeling respected at work
    - Relationships with management and peers
    - Worker diversity at the company
    - Acknowledgement of good work
  - Feeling engaged
    - Feeling proud to work for the company
    - Feeling motivated to work for the company
    - Feeling the company is doing something important
  - Being engaged
    - Feeling heard
    - Ability to ask questions or raise concerns
    - Feeling included in decision making
  - Psychological safety
    - Ability to ask questions or raise concerns



- 
- Ability to disagree without fear of negative consequences
  - Relationships with managers
  - Ability to make mistakes

Recommendations:

- Measure as many of the workplace culture themes as possible.
- If the company has 1–9 workers, do not promise anonymity and avoid data disaggregation. This is because maintaining worker anonymity is harder for small groups of workers.
- If the company has more than 25 workers, use both qualitative and quantitative measurements.
- Combine full and partial measurements over the course of a year. Full measurements happen annually, and partial measurements every quarter. Partial measurements are sometimes called “pulse checks” or “pulse surveys”.

#### Implementation Resources:

##### Resources to measure workplace culture:

- Employee Engagement (Chartered Institute of Personnel and Development) [\[EN\]](#)
- OECD Guidelines on Measuring Subjective Well-being (Organisation for Economic Co-operation and Development) [\[EN\]](#)
- OECD Guidelines on Measuring Trust (Organisation for Economic Co-operation and Development) [\[EN\]](#)
- OECD Guidelines on Measuring the Quality of the Working Environment (Organisation for Economic Co-operation and Development) [\[EN\]](#)
- An OECD survey of employee well-being: An instrument to measure employee well-being inside companies, Working Paper No.24 (Organisation for Economic Co-operation and Development) [\[EN\]](#)
- A Guide to Defining & Measuring Values (Junxion) [\[EN\]](#)
- Enquêtes auprès des salariés - Pratiques d'entreprises (ORSE) [\[FR\]](#)
- Enquêtes auprès des salariés - Grille de questionnements (ORSE) [\[FR\]](#)

##### Interoperability:

- Conceptual Alignment Data Point
  - Workforce Disclosure Initiative 2024 (ShareAction) 8.8, 9.8
- Equivalency Data Point
  - [None]



#### FW4.2 The company has a plan to continuously improve its workplace culture.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | All    | All      |
| Small                   | All    | All      |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms?             | Sub-requirement text:                                                 |
|-------|-------------|---------------------------------------------|-----------------------------------------------------------------------|
| FW4.2 | From Year 3 | Small / Medium / Large / X Large / XX Large | The company has a plan to continuously improve its workplace culture. |

#### Compliance Criteria:

4.2.1 The company develops and implements a plan to improve its workplace culture.

4.2.2 The plan is approved by the executive team or highest governing body.

4.2.3 The plan is updated annually to show progress on each action and shared with workers.

4.2.4 If fewer than 50% of workers participate in the workplace culture measurement, the company includes actions in the plan to increase participation.

#### Intent:

To ensure the company:

- responds to its workplace culture measurements
- seeks to continuously improve the culture in its workplace.

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The plan is embedded, at minimum, at the highest level within the company. If the company references a plan belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the plan.
- References to the executive team or highest governing body mean those within the company's scope of certification. This means that approval by an out-of-scope parent body does not meet the sub-requirement, unless the company has additional approval at the executive team or highest governing body within its scope of certification.

#### Further Guidance:

- Actions the company may take to improve workplace culture include, for example:
  - publicly sharing its workplace culture measurement results and improvement actions
  - communicating the company's purpose and values clearly, and ensuring leaders demonstrate those values (e.g. about work-life balance)
  - recognizing achievements and good work

- improving worker benefits (based on workers' priorities).
- Actions the company may take to improve participation in workplace culture measurements include, for example:
  - telling workers the purpose and importance of the measurement, how their responses will be used, and how they can participate
  - improving the data collection process to make it easier and more engaging
  - asking workers for feedback on how to improve the measurement process.

#### Implementation Resources:

##### Resources to improve workplace culture:

- Employee Engagement (Chartered Institute of Personnel and Development) [\[EN\]](#)
- 6 ways to foster belonging in the workplace (Culture Amp) [\[EN\]](#)



#### FW4.3 The company disaggregates its workplace culture measurements by gender identity or sex at birth.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | None   | None     |
| Small                   | None   | None     |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms?     | Sub-requirement text:                                                                            |
|-------|-------------|-------------------------------------|--------------------------------------------------------------------------------------------------|
| FW4.3 | From Year 3 | Medium / Large / X Large / XX Large | The company disaggregates its workplace culture measurements by gender identity or sex at birth. |



#### Compliance Criteria:

- 4.3.1 If the company has 250 or more workers (based on headcount), it disaggregates its workplace culture measurements by gender identity or sex at birth.
- 4.3.2 Workers provide their gender identity or sex at birth voluntarily, and can choose to remain anonymous
- 4.3.3 The company has a process to protect workers' identities.

#### Intent:

To better understand how perceptions of workplace culture differ by gender identity or sex at birth.

#### Clarifying the Compliance Criteria:

[4.3.1] This sub-requirement applies if the company has 250 or more workers (based on headcount). If the company has fewer workers, it is exempt. “Headcount” means that each person counts as one whole number. This is different to counting “full-time equivalents”.

[4.3.1] The company is not expected to hold information on gender or social identity as part of employment or personnel records (see Recommendations for more information).

[4.3.2; 4.3.3] The company ensures that disaggregating results does not compromise workers’ anonymity. This may be a risk in cases with easily identifiable information, or where a group is small (e.g. if there is only one woman worker).

[4.3.2; 4.3.3] The company ensures that disaggregating results does not compromise workers’ anonymity. This may be a risk in cases with easily identifiable information, or where a group is small (e.g. if there is only one woman worker).

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it:
  - records the data and mechanism for measuring its own operations
  - describes how data is consolidated in the out-of-scope parent’s reporting.

#### Further Guidance:

- The company takes alternative measures if asking about gender identity is not permitted by law in its location, or may put workers at risk of harm. For example:
  - asking about sex at birth only (e.g. male / female)
  - adding an “other” category without naming it (e.g. man / woman / other)
  - adding a “prefer not to say” answer option (e.g. man / woman / prefer not to say)
  - providing the option to skip the question.

#### Recommendations:



- Choose to collect information on gender identity over sex at birth, if the company has the option. This acknowledges that every person has a gender identity that may not be the same as their sex at birth.
- Stay up to date with the suitability of social identity terms in the company's context, and, where possible, get advice from civil society organizations. These terms vary by country, culture, and language, and may shift over time.
- Where possible, avoid storing gender identity data or linking it to individuals. Gender identity data may be considered sensitive personal data in some jurisdictions, and collecting it may require the company to take extra data privacy measures. For example, to collect information on workers' experiences with promotions, use a one-time survey in which workers share their experiences and provide one or more social identities anonymously. This avoids the company keeping such information in employment or personnel records, for example, which would require additional data privacy measures in many jurisdictions.

#### Implementation Resources:

##### Resources to identify and use inclusive language:

- Inclusive Language Guide (Oxfam) [\[EN\]](#)
- Guia de Comunicação Inclusiva (safespace) [\[PT\]](#)
- Comunicar sin discriminar (United Nations Development Programme) [\[ES\]](#)
- Guía de Comunicación Inclusiva (ACCION Empresas) [\[ES\]](#)

##### Resources to collect disaggregated data:

- Data collection and publication guidance: Sex, Gender Identity, Trans Status (Scottish Government) [\[EN\]](#)



#### FW4.4 The company disaggregates its workplace culture measurements by one additional social identity.

Track factors:

| Size                    | Sector | Industry |
|-------------------------|--------|----------|
| XX Large                | All    | All      |
| X Large                 | All    | All      |
| Large                   | All    | All      |
| Medium                  | None   | None     |
| Small                   | None   | None     |
| Micro                   | None   | None     |
| Company without workers | None   | None     |

| ID:   | Year        | Eligible for equity mechanisms? | Sub-requirement text:                                                                           |
|-------|-------------|---------------------------------|-------------------------------------------------------------------------------------------------|
| FW4.4 | From Year 3 | Large / X Large / XX Large      | The company disaggregates its workplace culture measurements by one additional social identity. |



---

Compliance Criteria:

- 4.4.1 If the company has 250 or more workers (based on headcount), it disaggregates its workplace culture measurements by one additional social identity (other than gender identity or sex at birth).
- 4.4.2 The company uses stakeholder feedback to choose the additional social identity.
- 4.4.3 Workers provide their social identity information voluntarily, and can choose to remain anonymous.
- 4.4.4 The company has a process to protect workers' identities.

Intent:

To better understand how perceptions of workplace culture differ by social identity.

#### Clarifying the Compliance Criteria:

[4.4.1; 4.4.2] The company can meet this sub-requirement by collecting data about multiple social identities. The most effective approach may differ depending on the context. For example, the company disaggregates its workplace culture data by ethnicity in one country, and by differing abilities in another.

[4.4.1] This sub-requirement applies if the company has 250 or more workers (based on headcount). If the company has fewer workers, it is exempt. “Headcount” means that each person counts as one whole number. This is different to counting “full-time equivalents”.

[4.4.1] The company is not expected to hold information on gender or social identity as part of employment or personnel records (see Recommendations for more information).

[4.4.1; 4.4.2] The company can meet this sub-requirement by collecting data about multiple social identities. The most effective approach may differ depending on the context. For example, the company disaggregates its workplace culture data by ethnicity in one country, and by differing abilities in another.

[4.4.2] The company chooses the additional social identity to analyze based on worker feedback, and its workforce, community, and country contexts.

[4.4.2] The company chooses the additional social identity (other than gender identity or sex at birth) based on its workforce, community, and country. The company may avoid assessing certain social identities if there are legal limitations or strong cultural barriers.

[4.4.3; 4.4.4] The company ensures that disaggregating results does not compromise workers’ anonymity. This may be a risk in cases with easily identifiable information, or where a group is small (e.g. if there is only one woman worker).

[4.4.3; 4.4.4] The company ensures that disaggregating results does not compromise workers’ anonymity. This may be a risk in cases with easily identifiable information, or where a group is small (e.g. if there is only one woman worker).

#### Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it:
  - records the data and mechanism for measuring its own operations
  - describes how data is consolidated in the out-of-scope parent’s reporting.



#### Further Guidance:

- The company chooses the additional social identity to analyze based on worker feedback, and its workforce, community, and country contexts, as in the following examples.
  - The company chooses LGBTQIA+ as a social identity because formal complaints from the past year show an increasing amount of anti-trans and homophobic behaviors.
  - The company chooses ethnicity as a social identity because its workforce does not have the same ethnic diversity as its country, according to the most recent census.
  - The company chooses race as a social identity because the country it is based in has a history of colonialism or slavery.
- The company takes precautions if asking about certain social identities is not permitted by law in its location, or may put workers at risk of harm. The company is expected to understand its local context and anticipate how asking about social identities can put workers at risk (e.g. not asking about LGBTQIA+ identification if same-sex relationships are illegal). In situations that are less clear, the company takes alternative measures, designed and implemented using worker feedback. These may include:
  - adding a “prefer not to say” answer option
  - providing the option to skip the question.

#### Recommendations:

- Understand the legal limitations in the company’s context, and investigate how to obtain meaningful information while respecting people’s privacy and dignity. Note, while some countries have certain legal limitations, no country completely prohibits collecting all types of gender or social identity information.
- Where possible, avoid storing social identity data or linking it to individuals. Social identity data may be considered sensitive personal data in some jurisdictions, and collecting it may require the company to take extra data privacy measures. For example, to collect information on workers’ experiences with promotions, use a one-time survey in which workers share their experiences and provide one or more social identities anonymously. This avoids the company keeping such information in employment or personnel records, for example, which would require additional data privacy measures in many jurisdictions.

#### Implementation Resources:



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Resources to identify and use inclusive language:

- Inclusive Language Guide (Oxfam) [\[EN\]](#)
- Guia de Comunicação Inclusiva (safespace) [\[PT\]](#)
- Comunicar sin discriminar (United Nations Development Programme) [\[ES\]](#)
- Guía de Comunicación Inclusiva (ACCION Empresas) [\[ES\]](#)

Resources to prioritize additional social identities to focus on:

- DEI Map (Aperian) [\[EN\]](#)
- The 203 Worst (& Safest) Countries for LGBTQ+ Travel in 2023 (Asher & Lyric) [\[EN\]](#)