

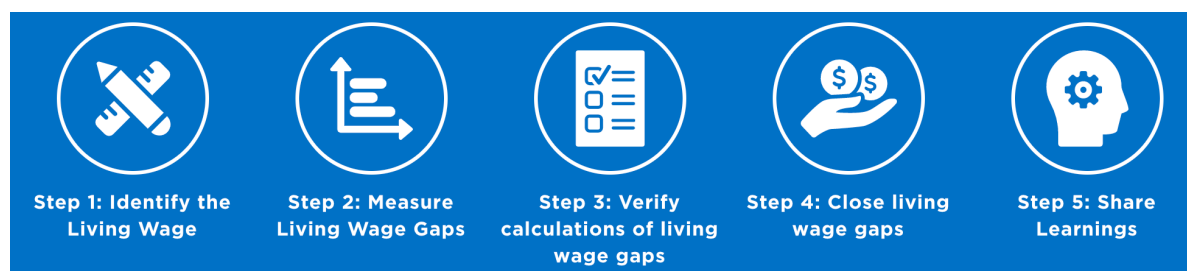
ROADMAP ON LIVING WAGES RECOMMENDED KEY PERFORMANCE INDICATORS

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Introduction

Earning a living wage means workers receive sufficient remuneration to afford a decent standard of living for the worker and their family. The topic of living wage is critical to human rights and sustainable trade, and therefore an important area of focus for IDH, the Sustainable Trade Initiative. IDH is working with a wide range of stakeholders to strengthen international alignment and to build tangible living wage solutions through the [Roadmap on Living Wages](#).

The Roadmap on Living Wages consists of five integrated steps. These steps, illustrated below, represent IDH's data-driven approach to finding solutions to close living wage gaps.



The following Key Performance Indicators (KPIs) are the minimum KPIs that IDH recommends for monitoring and public reporting, as stakeholders move from Step 2, *Measuring Living Wage Gaps* through Step 5, *Share Learnings*. These indicators can be directly derived from the Salary Matrix – the recognized tool of choice to measure Living Wage Gaps – and can be tracked over time by farm, supplier, country or aggregate procurement. These indicators are also in alignment with global indicators and reporting frameworks developed by the UN Global Compact, World Benchmarking Alliance, and the Dow Jones Index.

IDH core recommended KPIs

The Roadmap on Living Wages is currently at the important stage of “building momentum”. At this time, IDH recommends that, at a minimum, companies who have begun assessing and addressing living wages, monitor and publicly report progress against the following 2 indicators. An additional indicator on the size of the living wage gap for the lowest paid worker will be tested in the coming months¹.

- a. **Workers with total remuneration below a living wage (# and %)**, disaggregated by gender.
- b. **Average size of living wage gap (%)**, disaggregated by gender.

¹ This analysis is not currently generated from the Salary Matrix, but will be soon

IDH recommends reporting results both for a moment in time and as change over time. For example, *“The current average size of the living wage gap for women is 20%”* and *“The living wage gap has decreased among women by 5% since the last reporting period”*. It is also important to keep in mind that these indicators are only relevant to the percent of total sourcing that is represented by the Salary Matrices. For context, and to inform potential strategies to address wage gaps, companies may wish to incorporate additional information related to the total spend under management (SUM) which the Salary Matrices represent and percent of total reported volume procured.

Additional Performance Measures

The core recommended indicators are by no means exhaustive. Nor do they diminish the importance of qualitative analysis and social dialog, including the critical voice of workers, for understanding and improving working conditions, enabling environments, and opportunities for wage improvement. Indeed, due diligence on corporate commitments and enabling environments is a fundamental. As such, IDH encourages and supports the work of other organizations such as UN Global Compact, Oxfam, Shift, financial institutions, and others which are taking the lead on due diligence in these areas.

It is likely to become necessary for companies to monitor against additional indicators relevant to their projects and/or public commitments. Additional quantitative and qualitative indicators related to wages, corporate responsibility practices, and risk management can support internal learning, external reporting, and design of supply chain programs to address living wage gaps. IDH is available to suggest additional resources and indicators as needed.