



# Our proposal for a living wage in the Bonsucro standard

Including the Living Wage Concept in the Bonsucro Production Standard would be a major step forward and make the Standard futureproof. But this probably won't be accomplished all at once. Therefore, we suggest some interim steps, accompanied by a taskforce on workers' rights within Bonsucro, guided by the Technical Advisory Board of Bonsucro with the participation of Bonsucro members.

## Interim steps

### Step 1

#### Create and commit to a timeline to put into force a living wage indicator

Bonsucro commits itself to implementing the concept of a Living Wage in the Bonsucro standard based on the methodology of the Global Living Wage Coalition of ISEAL of which Bonsucro is a member. Provide a timeline which shows the preparation necessary for a living wage indicator. This timeline will be put into force in the production standard and it will include the following steps.

### Step 2

#### Establish benchmarks and calculation models

##### In countries with a benchmark or reference study

In countries where a living wage benchmark or living wage reference study is already available, Bonsucro is responsible for defining the living wage at plantation level.

They can use existing tools, such as the Salary Matrix Tool which IDH has developed, in collaboration with other certification schemes which are part of ISEAL.

This tool is usually filled out by the producer. The Bonsucro audits can be used to verify the living wage gap.

According to the new Production Standard, a minimum of 10% growth per re-certification is needed to close the living wage gap. The living wage benchmark should be corrected for inflation to make sure the living wage gap is actually closed and not increasing over time. Bonsucro is responsible for verifying that wage negotiations take place between trade unions and companies. Wages should be negotiated through collective bargaining agreements whenever possible.

##### In countries without a living wage calculation

For countries where no living wage calculation is available, Bonsucro can use the Salary Matrix Tool to gain insight regarding wages at farm level. They can then compare these to other existing standards, such as the national or sectoral minimum wage and World Bank Poverty Line. Workers and their representatives at farm level should be consulted by the farm to understand to what extent workers are able to foresee their basic needs with existing wages. Bonsucro should verify this information during an audit.

##### Negotiated wages

If there is no trade union within the company, the national trade union confederation may be consulted to help to organize a local trade union at farm level, as ultimately it would be best if wages and other working conditions were negotiated through collective bargaining agreements between workers and the company.

##### Worldwide overview

At the same time, Bonsucro should make a worldwide overview showing where living wage studies are still lacking. Bonsucro will cooperate with other standards to agree on a division of tasks in commissioning studies. They will make a schedule for the studies which need to be done. Commissioning all the necessary studies may take 1-2 years.

### Step 3

#### Establish a social dialogue for cost distribution

Paying a living wage to workers provides a business case to companies as their workers will be healthier, happier, and probably also more productive. However, it will probably also involve additional costs which will need to be distributed throughout the supply chain. Bonsucro should actively engage and stimulate a social dialogue between stakeholders in the supply chain, including workers, producers, traders, buyers, end-users and their representatives.

In these conversations they can make use of existing tools, like the Salary Matrix Tool and the methodologies which have been used in other living wage interventions. Examples include the Price Discovery Model, which was used in the Malawi Tea 2020 partnership, or other methodologies developed by organizations like IDH and Fairtrade. Social dialogue should be initiated as soon as possible, but not later than 1 year after the new standard goes into effect.