



Internationaal

CNV Internationaal: A union's plea for a living wage for everyone

Millions of workers worldwide simply don't earn enough money to support themselves and their families. It's not uncommon for countries to have no agreements establishing a minimum wage. Or if there is a minimum wage, it's too low for the people to live on. A living wage for employees throughout the production chain is essential to combat poverty, inequality, and child labour. This is why CNV Internationaal advocates a living wage for every worker. Over the past few years, attention for living wages has

grown and more and more companies have come to realise that not having a living wage is a significant human rights risk in their international supply chains. One which they need to take seriously and address. CNV Internationaal is happy about this increased awareness and attention. However, in order to achieve living wages in a sustainable way, CNV Internationaal emphasises that it's crucial to involve the workers and their unions in this process from the very start.

How to define a living wage

CNV Internationaal adheres to the widely accepted definition of a living wage from the Global Living Wage Coalition¹: *“The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.”*

Several living wage methodologies exist and sometimes there are different living wage estimates for the same location. The Anker methodology in our opinion, provides objective living wage estimates about the living wage level in specific locations around the world. So far the methodology has been consistently applied in 40 countries². The methodology assesses all costs of living, including the cost of food, housing, education for the children and other essential needs, and costs for unforeseen events. The methodology forms the foundation for companies to address and bridge the gap between salaries and a living wage because it is internationally comparable and consistent in

its calculation. CNV Internationaal also encourages unions to use these living wage estimates in their negotiations. It is important to be aware and respect the fact that other living wage estimates might exist, especially if these are locally based and estimated by local trade unions, for example.

Fact

Having a job does not guarantee a decent living. Worldwide, 8% of employed workers and their families lived in extreme poverty in 2018, despite a rapid decline in the working poverty rate over the past 25 years³.

Governments play an important role in wage-fixing mechanisms at the national and sectoral level. Over 170 countries have one or more minimum wages set through legislation. In many countries however, a minimum wage is not enough to provide a decent living and the minimum is often below the living wage.

How to reach the goal sustainably

To sustainably reach a living wage for every worker in the supply chain, unions also play an important role. Trade unions bargain with employers on behalf of their members and negotiate collective bargaining agreements. In general, their purpose is to maintain or improve the conditions of employment. This includes the negotiation of wages, rules regarding work and working conditions, occupational health and safety standards, complaint procedures, rules governing employee status, including promo-





tions, conditions for termination, and employment benefits. The agreements negotiated by a union are binding.

Enabling the right to freedom of association and collective bargaining

It is important for employees and their trade unions to be involved in living wage interventions from the start. Only when workers and unions are involved living wage interventions can be rooted in relevant social dialogue structures between workers, employers, and governments. When a company achieves a living wage through intervention, it needs to be done in a sustainable manner. This way the living wage will be future-proof and keep up with inflation.

Freedom of association and collective bargaining agreements form the foundation for other worker

rights. Only when these two basic rights are in place companies can realise other fair working conditions, like living wages.

Common responsibility

According to CNV Internationaal, a living wage is the common responsibility of all the stakeholders in the supply chain, including the investors, brands, traders, retailers, and producers. All of these stakeholders are responsible for including unions in their living wage interventions from the start. Moreover, they must recognise freedom of association and collective bargaining as enabling rights.

Living wage as a business case

Quite often employers in production countries actually want to pay their employees higher wages or a living wage. It's a good business case because employees are happier and healthier, which has many benefits, including lower turnover rates and less illness among staff. So, while employers are willing to pay their workers a living wage, the prices employers receive from their buyers is usually too low to be able to cover the costs to close the living wage gap. Therefore, buyers in the supply chain also have an important responsibility in enabling

companies to pay a living wage and share the costs. Often a price increase of only a few cents is sufficient to close the living wage gap.

Our approach to living wage

It takes time and effort to achieve living wages on a global scale. The fact that many products we consume today are produced in development countries is due to the low wages paid to the workers in those countries. It's not easy to change a system built on cheap labour and low margins. If we want real and systematic change, we need to rally all the stakeholders to cooperate in the process of creating living wages.

CNV Internationaal has created and continues to participate in various taskforces for achieving living wages. These taskforces consist of different stakeholder groups, including buyers, brands, and unions. We emphasise the need to bring in the perspective of workers and trade unions and to include them in living wage interventions. In addition, we strive to raise awareness about the foundational importance of the rights to freedom of association and collective bargaining. CNV Internationaal is part of the Stakeholder Committee of IDH's roadmap on living wages and works together with the

Platform for Living Wage Financials to make living wage part of the Bonsucro standard⁴. The Alliance on Palm Oil that we initiated focuses on good social dialogue where the issue of the living wage plays an important role.

What does CNV Internationaal do to help achieve living wages?

CNV Internationaal is aware that conducting due diligence on the topic of living wages, freedom of association, and collective bargaining is not easy. We therefore provide support to companies and other stakeholders in doing due diligence on these topics. We provide tools to conduct due diligence and give advice and trainings on how to discuss these topics in the supply chain. We can also provide companies with access to data and information on existing wages, the quality of collective bargaining agreements, and social dialogue in the countries and supply chains where we work.

Transparency is key when working on creating living wages throughout the supply chain. But it can often be difficult to obtain clear information about what is actually happening at the bottom of the supply chain. CNV Internationaal strives to strengthen the voices of the people working

the plantations, mines, and factories, especially migrant informal, and outsourced workers. It is important for these workers to be seen and heard. By using new and innovative digital tools, CNV Internationaal and their partners collect important facts about the situation of workers. This can provide data for companies and other stakeholders in the supply chain on working



conditions in the mills, plantations, and factories they source from. Our trade union partners in turn use this information to negotiate better minimum wages and collective bargaining agreements.

Tools and Resources

[The Importance of Freedom of Association \(FoA\) and Collective Bargaining \(CB\) for Brands](#) (cnvinternationaal.nl)

[Questionnaire on freedom of association and social dialogue that can be used in due diligence questionnaire-EN.pdf](#) (cnvinternationaal.nl)

www.cnvinternationaal.nl/en/Themes/sugar

www.cnvinternationaal.nl/en/Themes/palm-oil

¹ www.globallivingwage.org/about/what-is-a-living-wage/

² www.globallivingwage.org/announcements/introducing-anker-reference-values-for-living-wage-and-living-income.

³ www.un.org/sustainabledevelopment/poverty.

⁴ [CNVI-0316 Position paper & road map Living wage sugar supply chain DEF.pdf](#) (cnvinternationaal.nl)

In addition to providing due diligence support, CNV Internationaal also offers social dialogue trainings for employers and workers. These trainings focus on building and improving social dialogue and negotiation skills between the social partners. We provide these trainings at different levels, depending on the needs of our social partners. They can be at company level, multi-company level, regional level, sectoral level, or national level. We also have expertise in facilitating multi-company collective bargaining agreement (CBA) processes in the food and garment sector, where employers and workers negotiate collective labour agreements that cover multiple companies in the same region. Multi-company CBAs provide a level playing field for employers to improve working conditions. Recently, we have been able to involve brands in these MCCBA processes. These cooperative efforts should create more space for living wages and facilitate a sourcing dialogue between employers and brands.

What other parties can do

Consumer brands, traders, retailers, and investors should:

- Pay sufficient attention to enabling the rights to freedom of association and collective

bargaining in due diligence. Review how purchasing practices, including price, affect these rights.

- Consult with trade unions to find out if the calculated living wage gaps are correct and strive to understand how wages are set at company, sector, and national levels.
- Include trade unions in their living wage interventions to ensure the interventions can be implemented and are sustainable.
- Be prepared to pay more for sustainably produced products where workers receive a living wage.
- Join taskforces on living wages, freedom of association, and collective bargaining.

Sustainability standards and certification schemes should:

- Recognise and promote freedom of association and collective bargaining as enabling rights for a living wage.
- Include consultation with workers and trade unions to find out if the calculated living wage gaps are correct. Give workers and unions a central role in auditing wages and working conditions to ensure independent data.
- Include trade unions in living wage inter-

ventions to ensure the interventions can be implemented and are sustainable.

- Set a sustainability standard for buyers and traders which includes criteria for sustainable purchasing practises.





Employers upstream in the supply chains should:

- Respect freedom of association and collective bargaining as workers' rights.
- Allow employees to become members of a union, take part in meetings and trainings during working time. Do not treat employees who are union members differently from those who are not.
- Encourage the involvement of workers and trade unions in living wage interventions.
- Join other employers in taskforces on living wages to make sure the voice of employers is heard.

Governments of buyer countries should:

- Pay sufficient attention to the enabling the right to freedom of association and collective bargaining in living wage strategies and interventions.
- Ensure that legislation helps companies and workers to achieve living wages, for example through mandatory Due Diligence legislation.
- Make sure that living wages, freedom of association, and collective bargaining are part of trade policies.
- Use their leverage in diplomatic networks and embassies to ensure living wages.

- Pay attention to living wages and working conditions in procurement criteria and tendering procedures. Do not choose based on the lowest price.
- Include and consult with trade unions during living wage interventions to ensure the interventions can be implemented and are sustainable.
- Be part of a taskforce.

Collaboration to achieve living wages in international supply chains

In the coming years, the living wage will be a strategic priority for CNV Internationaal. We'd like to be a sparring partner for companies who want to create a living wage in their supply chain. If you have ideas on how we can collaborate with a certain supply chain or country, or if you want to brainstorm about opportunities, don't hesitate to contact us.

Isabelle de Lijser, Living Wage Lead,
i.delijser@cnv.nl, +31 6 10019376



Internationaal

PO Box 2475 • 3500 GL Utrecht • the Netherlands

+31 (0) 30 751 12 60 • internationaal@cnv.nl • www.cnvinternationaal.nl/en

Colophon:

Written by: Marjolein Hammink, Maurice van Beers,
Isabelle de Lijser

Design: Bernadine de Mooij
Photography: CNV Internationaal

Utrecht, December 2021
Version 2