

WHAT'S IN OUR 2020 CERTIFICATION PROGRAM?

LIVING WAGE

Creating sustainable livelihoods for agricultural workers



More than 1.4 billion people around the world live in extreme poverty, with farm workers being one of the occupational groups with the highest incidences of it. As the livelihoods of farmers, farm workers, and farming communities are intricately linked to some of the world's most diverse ecosystems, creating better livelihoods is key to our vision of a world where people and nature thrive in harmony. For the millions of workers worldwide who form the backbone of agricultural production, ensuring a sustainable livelihood starts with being paid a living wage.

In our 2020 Certification Program, we are going further to achieve living wages for agricultural workers through the introduction of several innovations that allow farmers to assess the gap to a living wage and measure progress. We're also promoting a shared responsibility approach that encourages companies to do their part as well.

USING THE POWER OF DATA TO ACHIEVE LIVING WAGES

Our aim is to help certified farmers and supply chain actors discover and bridge the gap between prevailing wages and living wages of agricultural workers. The data we gather in the process will be used to foster collaboration across the supply chain. It will enable us to report on and verify progress made in a consistent, standardized manner over time.

The Farm Requirements of our 2020 Sustainable Agriculture Standard state that:

- **All workers must receive at least the minimum wage** in their country and be afforded all the protections under the International Labour Organization Conventions and Recommendations that set out basic principles and rights at work.
- **Farms must track the total payment¹** (wages plus cash and in-kind benefits) made to all types of workers yearly and compare it to the applicable living wage benchmark

WHAT IS A LIVING WAGE?

The right to earn a living wage is protected as a fundamental human right in the United Nations (UN) Universal Declaration of Human Rights. A living wage is the payment received for a standard workweek by a worker in a particular place that is enough to afford a decent standard of living for the worker and their family. This means earning enough to cover all of life's basic expenses, including food, water, housing, education, health care, transportation, and clothing, with a little extra to cover unexpected events. This amount varies greatly by country and even region, because the cost of food, housing, and other necessities differ from place to place. The [Global Living Wage Coalition \(GLWC\)](#), co-founded by the Rainforest Alliance and other standard-setting organizations, estimates the living wage benchmarks that we use for our standard in accordance with the Anker Methodology.

using the **Salary Matrix Tool**. This tool collects comprehensive wage data and analyzes the gap to a living wage for all types of workers at certified farms.

- If the total amount of compensation is below the benchmark for any type of worker, farm management, in consultation with workers' representatives, will need to implement **a wage improvement plan**. At minimum, wages need to be adjusted yearly for inflation based on the national inflation rate.

This new approach will help farmers understand their actual labor costs and develop an informed and practical strategy to increase wages together with workers.

TAKING A SHARED RESPONSIBILITY APPROACH

We recognize that the responsibility for improving livelihoods must be shared across the supply chain so that the risks, costs,

¹ This requirement doesn't apply to small farms that are members of a group.

and burdens don't fall on farmers alone. Three new criteria in our Supply Chain Requirements are specifically designed to encourage companies to reward and invest in more sustainable production and drive more value from the supply chain to workers.

Two of them require supply chain actors to pay a Sustainability Differential and make Sustainability Investments. The third outlines supply chain contributions for living wage payments. This is a self-selected requirement for companies developed to support due diligence on wages and facilitate dialogue across the supply chain. When selected, companies connect to their suppliers who are willing to work together to implement a wage improvement plan. In this way, the Rainforest Alliance helps companies put their living wage strategy into practice, while the previously mentioned Salary Matrix Tool gives them an easy way to monitor their progress. As more companies use this requirement to contribute to achieving living wages, their aggregate purchasing power should drive sector-wide change.

WHY ARE WE TAKING THIS APPROACH TO WAGES?

The Rainforest Alliance approach to living wages is fully aligned with the UN Guiding Principles for Human Rights and Business. It recognizes that the responsibility for attaining living wages must be shared and both sustainable farming methods and responsible business practices are essential in addressing the issue.

Our experience shows low wages are built into existing business models and minimum wages are often set too low to protect workers from falling into poverty. In the context of these systemic challenges, our approach is one of continuous improvement. That's why we've included mechanisms like the mandatory Sustainability Differential and Sustainability Investments as well as self-selected targets and timelines for companies to recognize and reward more sustainable production from the certified farmers they source from. This enables them to directly support the payment of living wages to workers. In line with our reimagining of certification, we are also collecting and providing better data to understand the gaps to living wages and measure progress made.

HOW IS THIS DIFFERENT FROM OUR PREVIOUS STANDARDS?

The 2015 UTZ Code of Conduct and the 2017 Rainforest Alliance Sustainable Agriculture Standard both include living wage requirements that follow a continuous improvement approach. However, it is still possible for farms to opt out of the requirements in both standards as they are either self-selected or applicable only where there isn't already a collective bargaining process in

place. If there is a gap between living wages and wages paid on a farm, both standards require a wage improvement plan to be drafted, but they lack a rigorous approach to data collection and monitoring as well as a way to incentivize progress. Furthermore, the previous standards don't hold the broader supply chain accountable to contribute to the costs of paying a living wage.

We're going further in the 2020 Certification Program by:

- **Defining living wage levels** for more countries through GLWC benchmark studies
- **Creating transparency on the gap to a living wage** by requiring mandatory yearly assessments of total compensation made to all types of workers using the Salary Matrix Tool
- **Focusing on shared responsibility** by introducing several requirements for companies to that end

WANT TO KNOW MORE?

Read more about living wage and about our new certification program. For specific questions, email us at cs@ra.org.

REIMAGINING CERTIFICATION

Reimagining certification is our long-term vision for the future of certification. It is part of our wider strategy at the Rainforest Alliance to drive change through our four main areas of work: climate, forests, livelihoods, and human rights.

In June 2020, the Rainforest Alliance takes the first step on its journey towards "reimagining certification" with the publication of its 2020 Certification Program. We've been working on this new program since 2018, when the Rainforest Alliance and UTZ merged.

The 2020 Certification Program—including a new Sustainable Agriculture Standard—is a unique opportunity to really change the way that certification works and how it delivers value to the many people and businesses around the world that use it.

Between June 2020 and mid-2021, the Rainforest Alliance will roll out the new program around the world, including a comprehensive training plan. Audits against the new program will begin in mid-2021.

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