The Rainforest Alliance is creating a more sustainable world by using social and market forces to protect nature and improve the lives of farmers and forest communities.

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**More information**
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INTRODUCTION

As referenced in the 2020 Rainforest Alliance Sustainable Agriculture Standard, sustainable agriculture is intrinsically linked to the livelihoods of millions of producers, their families, and their communities. To support sustainable livelihoods, the Standard sets out requirements related to all fundamental human and labor rights, living wages, health and safety, and decent living and working conditions.

Farms and groups must respect the legal and customary rights of indigenous peoples. These requirements align with the UN Guiding Principles on Business and Human Rights (UNGPs), the relevant ILO conventions and other concepts from multiple stakeholders, such as the living wage, developed in coordination with the Global Living Wage Coalition.

This Auditability Guide for Living Wages in Ecuador contains basic concepts of Living Wage for the Ecuadorian legislation context, as well as the principles and methodology to be applied in the audits to be conducted by the Certification Bodies authorized by the Rainforest Alliance.

This document enables auditors to prepare an audit in which the correct interpretation and evaluation of topic 5.4 Living Wage is included, first, the guide develops a basic concept of the living wage in Ecuador, its evaluation within the certification and applicable regulations at the same time will allow producers to understand the implementation and auditability.
1. **LIVING WAGE CONTEXT FOR ECUADOR**

Rainforest Alliance has established requirements related to the fundamental human and labor rights such as living wage. These requirements align with the UN Guiding Principles on Business and Human Rights and other concepts from multiple stakeholders, developed in coordination with the Global Living Wage Coalition.

As described in the 2020 Rainforest Alliance Sustainable Agriculture Standard, the total remuneration (wages plus cash and in-kind benefits) for all types of workers is assessed annually against the Living Wage benchmark, approved by the Rainforest Alliance and in accordance with the Global Living Wage Coalition (GLWC). Management uses this tool to accurately fill in the workers' salary data.

Compliance with the living wage against applicable Ecuadorean legislation is binding with requirement 1.2.1 “legal compliance” of the 2020 Rainforest Alliance Certification Program. Regarding the Living Wage, it entails an evaluation of compliance against requirements 5.4.1, 5.4.2, 5.4.3, 5.4.4, 5.4.5 which determine compliance and monitoring of closing of gaps, if any.

2. **LEGAL CONTEXT ECUADOR**

Annex S1 – Glossary establishes the definition of Living Wage as the remuneration received by a worker for a standard working week in a specific place, sufficient to allow a decent standard of living for the worker and his family. Elements of a decent standard of living include food, water, shelter, education, health care, transportation, clothing, and other essential needs, including provision for unexpected events. Living wage benchmarks are being developed in many countries, based on a single definition and methodology.

The living wage is an economic right that allows individuals and families to cover the basic needs of goods and services, considered in the basic family basket divided by the number of recipients of the household, which allows to achieve a satisfactory, dignified life and the development of individuals.

The concept of living wage was developed based on the provisions of Article 328 of the Constitution of the Republic of Ecuador, which states:

"The remuneration will be fair, with a decent salary that covers at least the basic needs of the worker, as well as those of his family, will be unseizable except for the payment of alimony."

In this sense, the country’s Magna Carta seeks to improve the welfare of all Ecuadorians based on a fair, equitable salary that allows covering at least basic needs, that is, covering the costs of the basic family basket.

The definition of the living wage in Ecuador has been developed in more detail in Article 8 of the Organic Code of Production, Trade and Investment-COPCI which indicates:

"The monthly living wage is the one that covers at least the basic needs of the working person as well as those of his family and corresponds to the cost of the basic family basket divided by the number of recipients of the household."
3. GENERAL CONCEPTS

Below are the main concepts to know in the implementation context of living wage in Ecuador.

3.1. LIVING WAGE

As defined in the Rainforest Alliance glossary (Annex S01), the living wage is the remuneration a worker receives for a standard workweek in a specific location, sufficient to provide a decent standard of living for the worker and his or her family.

Elements of a decent standard of living include food, water, shelter, education, health care, transportation, clothing, and other essential needs, including provision for unexpected events.

Standard Workweek: Workers must be able to achieve a living wage in a weekly exercise of 48 hours or less.

3.2. REMUNERATION

It is defined as the total amount of salary, bonuses, and value of benefits in kind granted to the worker in a specific period.

3.3. WAGE

Monetary payment a worker receives for a specific period of work, usually fourteenth or monthly. It will be the one agreed between the worker and the employer, in no case can it be less than the minimum or basic wage established. This monthly salary includes overtime, supplementary hours, commissions, profit sharing, as the case may be, as determined by art. 95 of the Labor Code, according to Ministerial Agreement No. MDT-2022-216, which may vary annually according to the provision of the National Council of Labor and Wages.

3.4. ADDITIONAL REMUNERATIONS

Additional remunerations are established in the Labor Code to meet two workers' needs: in the case of the thirteenth salary the expenses for Christmas, and in the case of the fourteenth salary the school fees. It is essential to clarify that this benefit must be satisfied regardless of the reality of each of the workers.

**Thirteenth remuneration:** Corresponds to an additional remuneration, established by Art. 111 of the Labor Code. This is understood as the twelfth part of the remuneration (including overtime, supplementary hours, bonuses, commissions, etc.) received during a calendar year, this remuneration the employer must pay it every year until December 24th. To calculate the additional remuneration, the period from 1 December of the previous year to 30 November of the year in which it is paid must be considered. The proportional payment will correspond if the worker has not fulfilled the calendar year of the established computation.
Fourteenth remuneration: It corresponds to one twelfth part of a unified basic remuneration, established by Article 113 of the Labor Code, which must be paid by the employer until March 15 of each year because the farm is located on the Coast. For the calculation of the additional remuneration, the period from 1 March of the previous year to 28 February of the year in which it is paid must be considered. The proportional payment will correspond if the worker has not fulfilled the calendar year of the established computation.

The additional remuneration, at the worker’s request can be paid monthly or cumulatively, for which the worker must send a request in which he explains the way in which he wishes to receive this benefit.

3.5. UTILITIES

Although it is true that the law does not consider profits as remuneration, it has been included in this section because it is an economic item that the employer must disburse. Profits must be paid by all employers, whether legal or natural persons obliged to keep accounts that have generated profits within the fiscal year.

Workers are entitled to receive 15% of the net profits generated by the employer, which must be paid by March 31 of each year. Of this 15%, 10% is distributed equally to the number of employers and 5% according to accredited family responsibilities.

3.6. RESERVE FUNDS

It consists of the capitalized labor that each worker has accumulated over the years. The worker becomes entitled to this right once he has completed one year of service to the same employer.

The value to be paid for this benefit corresponds to a remuneration for each full year after the first year, in the same way it can be canceled monthly or accumulated.

3.7. BONUSES

Additional monetary payment the worker receives. To be chosen as part of the living wage, they must be:

- Regularly provided
- Expected by the worker from the start of the season and not at the discretion of the employer (the worker must be able to anticipate the amount of bonus they will receive)
- Paid in cash
- Earned during ordinary working hours, 48 hours or less.

In the case of performance and quality bonuses, they are accepted if they are received by most workers and not associated with a particularly fast work step. It should be remembered that only bonuses obtained during ordinary hours are included.

Bonuses awarded annually during specific HOLIDAYS are included. Paid vacation by law is NOT included as a bonus as the vacation amount is included in the salary.

Included as a bonus are the premiums of the 13th and 14th month that by law are established in some countries, but they must be calculated excluding salary and bonuses that come from overtime, although by law they are included in the 13th and 14th.
Stipends or allowances are included if they are received instead of wages in kind, although the worker can spend the amount at what he decides (example: school aid provided it is for primary or secondary school).

The following are not accepted as bonuses for the calculation of living wages:

- Deferred payments such as pensions, university funds or severance. Loans that must be repaid are also not included.

Amounts related to pensions and severance payments may only be included when the employer contributes amounts greater than those required by law, in which case only the amount contributed above what is required by law may be included, and provided that the worker can have access to that additional amount every year without penalties. Interest payments or limitations on how much the amount is spent and workers and their representatives agree that these count as part of the living wage.

3.8. SALARY IN-KIND

Non-monetary benefit given to the worker, such as food, transportation, and housing that reduces the amount of monetary income the worker needs to have a decent standard of living.

To be selected as part of the living wage, they must:

- Be accepted and valued by workers,
- Achieve quality and safety standards,
- Be additional to what is freely available through public systems/services,
- Adhere to living wage elements as defined by the living wage (food, family housing, health care, education, transportation, childcare),
- Cover part of the basic cost of living identified in the living wage benchmark (Living Wage benchmark).

NOTE: Only complete meals that are provided on a regular basis are allowed to be included. It is not included as a bonus in kind the products from the farm that are offered occasionally. The value of water and snacks given to workers is not included in the salary in kind.

3.9. LIVING WAGE BENCHMARKS

Living Wage Benchmark are established by country or by regions and/or agricultural sectors by country and establish the amount of salary necessary for the worker and his family to have a decent standard of living.

One of the most widely used methodologies is the ANKER methodology which is used by the GLOBAL LIVING WAGE COALITION to establish living wage benchmark values.

The Living Wage benchmarks used by the Rainforest Alliance are usually those set by the Living Wage Coalition, but there is an exception, such as Ecuador, where the government set a living wage benchmark.

Living Wage Gap (LW GAP): Living Wage gap indicates how far workers are from earning the Living Wage. This is obtained by comparing the reference value of Living Wage with the remuneration according to the category of work.
4. GUIDE TO AUDITABILITY OF LIVING WAGE COMPLIANCE

Based on the concepts mentioned above, the flow chart is presented below to conduct a correct audit on the Living Wage requirement defined in the 2020 Standard.
Planning
a. Verification of court cases of the organization (Council of the Judiciary)

b. Verification of certificate of compliance with employer obligations

c. Confirmation of CH scope in CAF and verification of NC's from the previous audit cycle.

d. List of workers interviewed from the previous cycle

Planning
On-site assessment
a. Request positions (roles) and total number of workers.

b. Request IESS payroll through platform review and consultation of news.

c. Review of plan file from the SUT platform for review of total of workers

d. Review of type of contracts and payments in SUT of random workers. Utility payment review

e. Review of workers who required living wage compensation

f. Triangulation of IDH salary matrix or Rainforest Alliance annex according to req. of buyer

On-site assessment
a. Report evidences, records and tasks audited

b. Visit and interview in packaging plant

On-site assessment
h. Visit and interview in packaging plant

i. Observation of additional tasks no included in the daily tasks

j. Document triangulation of workers interviewed

k. Record of daily activities in the field and packaging plant

l. Evidence of bank transfer or worker pay slip

m. Crosscheck of information against initial information of SUT and IESS.

Audit report

On-site assessment

Field visita to conduct interview with selected workers

Visit and interview in packaging plant

Review of plan file from the SUT platform for review of total of workers

Review of type of contracts and payments in SUT of random workers. Utility payment review

Review of workers who required living wage compensation

Triangulation of IDH salary matrix or Rainforest Alliance annex according to req. of buyer

Record of daily activities in the field and packaging plant

Evidence of bank transfer or worker pay slip

Crosscheck of information against initial information of SUT and IESS.
Description of the auditability flowchart:

Within the living wage assessment process there are three main stages depending on when they occur: these are: planning, on-site assessment, and audit reporting. The steps described below are a basis established by the Rainforest Alliance. However, other steps of validation of information by the certification body can be added.

The three stages are described below.

Audit planning

a. Verification of court cases:
   Before the visit, you must consult in the page of the judicial agency - Consultation of Processes - eSATJE - [funcionjudicial.gob.ec] and review if there are court cases related to labor issues. This corroboration is carried out through the RUC of the company.
   http://consultas.funcionjudicial.gob.ec/informacionjudicial/public/informacion.jsf
   In case there are no complaints, this will be a positive indicator that the company does not have judicial processes for violations of the Labor Code. If there are complaints, you should open the cases and inform the audit team about these processes.

b. Verification of certificate of compliance with employer obligations
   Prior to an audit visit, the certificate of faithful compliance and obligations can be requested. This certificate allows us to know if a natural or legal person is up to date in their obligations with the social security of Ecuador. If in arrears you must request the CH whether or not there is a payment agreement with the IESS, with the aim of establishing whether outstanding obligations are being negotiated with the Institution.
   To access this information, you must enter the following link IESS - Ecuadorian Institute of Social Security and enter the RUC or ID of the farm.

c. Confirmation of CH scope in CAF and NC's of previous cycle.
   Before the audit process it is important to determine the scope of the number of workers declared in the CAF, this will allow triangulating with the SUT and IESS platforms the number of workers linked to the company name to be audited. If there is a difference in the number of workers at the beginning of the audit with what has been declared in the CAF, it is a question that must be asked. It is important to remember to relate the number of workers against the # of Ha, this being an important factor and indicator if you can have workers who are not accounted for.

d. List of workers interviewed in previous cycle.
   The names of the workers interviewed in the last audit process must be considered to crosscheck with the “entry notices” and “exit notices” to follow up on situations of persecution and to identify points that require follow-up during the audit process, in addition to include the settlement certificate.

On-site assessment

a. Request position descriptions (roles) and number of workers.
   Linked to the number of workers on the farm, a list containing names and their respective jobs must be requested from the HR or staff manager. This information will be used to select the sample for the interviews in the field and identify if there are other tasks that are not registered in the role of workers. Pay attention that the list of
workers identifies whether they are service providers or workers with tasks linked to
the farm. It should also be considered if the total number of workers corresponds to
the role report delivered to the auditor. (Crosscheck with wage matrix for work, IESS, SUT)

b. Request IESS form and platform review.
Verify directly on the IESS platform the following aspects:

Consultation of news (Consulta de novedades):
In this section you can consult: notice of entry, notice of exit, notice of illness, notice
of maternity, part-time working days, leave without pay.

The notice of entry and exit can be used to track from what day that person started
in the company, as well as in the notice of exit when it was the last working day of
a worker.

In the entry notice you can corroborate the information of the job position, the
salary, the name of company works for, ID number. This information can be verified
through interviews with workers and can identify rehiring cycles.

List of affiliated workers:
Request in the “planilla” (payroll) section the “rol de empleados” (rol of employees)
where you can identify all the workers who are linked to the company name. You
can request the Excel or PDF file that are downloadable from the IESS platform.

You can make an additional review in “planillas” (payrolls) - “consulta de aportes”
(consultation of contributions) you can review the last form generated to have the
updated list of the number of workers, but you can also see the number of days to
which the registered workers are. These identified days will be the number of days
they work for the company.
c. SUT Platform File Review
Within the platform, the area of “Datos del trabajador y actas de finiquito” (Worker data and settlement records) must be verified by validating in this menu the selection of “listado de trabajadores registrado” (list of workers registered). Here the number of workers linked to the company can be verified and should match the information of IESS.
The information in the Excel flat file uploaded to the platform of the Unified Work System – SUT must be reviewed. The maximum period to register a worker into the SUT platform from its entry notice will be a maximum of 30 days.

d. Review of contracts in SUT and payment of utilities
After reviewing the general number of workers of the previous step, a review of the validation of the worker’s contract must be carried out following the sampling of workers according to the certification rules. In this section you must validate the type of contract, remuneration, work hours which can be verified in the section indicated in red in the following figure. In this section you can find the summary of the worker’s information. By clicking on the figure of the form you can validate that the contract is registered with your bar code and in the file figure you will have a summary of the contract which can be used to verify information with the workers.

Within the contract review it is important to check if some workers had a “contract addendum” where you can check if any worker had a change in their contract according to the activities, he/she performed.

e. Review of workers who required Living Wage compensation.
It must be corroborated for workers within the scope of the CH if there is compensation to be completed. This information is linked to the utilities form. This information can be seen in the SUT reviewing the Excel “flat file” where everything established according to the legislation of Ecuador will be considered being thirteenth, fourteenth among others. When uploading the file, you will see the confirmation if a living wage payment and compensation must be done. If compensation is determined for a worker, the payment and compensation made must be validated via proof of payment.

f. Triangulation of IDH salary matrix or Rainforest Alliance annex according to buyer’s requirement
A review of the IDH or Rainforest Alliance wage matrix (see Annexes) should be carried out if the CH’s buyer requires it. The matrix evaluation will be linked to the triangulation of the information presented by the CH crosschecking with number of workers, types of work, activities of the farm among others. The information in the matrix should match the scope of the organization.

g. Field visit and interviews according to activities
With the selected sample, all the plots or field areas must be considered, and the respective job interviews must be carried out to the same jobs selected in the sample in each of the lots, this will allow to identify other tasks (possibly not identified in the list) that can be included within the interviews.
Next, there is a list of questions that can be ask during the interview with workers:
- Name, activity, and farm
- Age and citizenship
- Type of contract
- Tasks
- Wage earned and work hours
- Unionization
- Overtime
- Complain mechanism
- Access to health and social security
- Access to basic services
- Recruitment process
- Training
- IESS affiliation
- Receive social benefits (vacations, insurance, among others)
- Has some additional benefits such as housing, transportation, food, bonds, others
- Loan discounts applied

h. Visit and interview at packing plant.
Using the additional information, time and departure information, positions must be verified, so all workers are registered and comply with legal requirements.

i. Observation of additional tasks not reported on the day of the audit.
Based on interviews and the positions, it will be possible to determine if there is any other activity that is not related on the list. These positions must be interviewed and subsequently analyzed with documentation to verify their regularity in the hiring process and respective payments.

j. Documentary triangulation of interviewed workers.
Employment contracts must be requested and analyzed to identify, verify the working conditions and hiring of personnel. It must be corroborated in the contract that the accrued payment corresponds to the category of the job and matches
the information obtained from the same worker. It is important to mention that all the activities carried out correspond to a salary payment, so the total described in the contract should not be the basic one established by law, but the total accrued for their work.

k. Record of daily activities in the field and packing plant

The record of the daily activities reported by the area heads or foremen will be requested, where the list of the activities carried out by the workers in charge per week is made. In this record it is important to identify all the tasks performed by a worker and verify if he is earning the corresponding salary with the reported tasks, as well as compliance with his work schedules. In the record of daily work, the audit team must review the days worked and compare this information with the registration of entry and exit of the personnel against the information the farm has, such as but not limited to: biometric, attendance record, among others. This information will be triangulated with the testimonies of the interviewed personnel in the sample. With the information of daily tasks, interviews and records of entry and exit, the effective days that the workers have worked, supplementary and overtime must be evaluated, as applicable.

Piecework

When piecework or in advance work is evaluated, the labor tariff agreed between the worker and employer must be established, as well as the sectoral ones issued by the Ministry of Labor Relations, the rate of work agreed between the parties may not be less than the rates issued by the authority. When evaluating these tasks, the average yields in 8 hours of daily work must be considered, to identify the implementation or not of additional hours in accordance with the provisions of Article 55 of the Labor Code, taking into consideration Article 16 of the legal text. If the work results in supplementary time and overtime, they must be indicated in the payroll.

It must appear in the payroll reviewed by the audit team and include at least: days worked, supplementary time and overtime, benefit of law as employer contribution, thirteenth and fourth salary in case of being monthly, information that must be consistent with the payments made in account and declared before the IESS.

Permanent part-time contract

When evaluating this type of contract, it must be taken into consideration that you can work up to 36 hours a week and no more than 160 hours a month, you cannot work 8 hours a day, except when there is a special work schedule approved by the Ministry of Labor Relations, the payment to workers will be proportional to the applicable minimum or sectoral wage. For example, if a worker works 6 hours a day for 3 days a week, it should be calculated as follows:

\[
450 \text{ (minimum wage)} \div 160 = 2.8125 \text{ $ the hour times 6 hours of work 16,875 times 3 days 50.62 $, times 4 weeks of work equal 202.5 $}.
\]

For the triangulation of this information, all the steps indicated must be included, as well as:

- Payroll Review:
- Evidence of bank transfer or payment slip to worker
- Verification of information recorded in the IESS
- Compare with the information registered in the SUT Platform

I. Evidence of bank transfer or payment slip
Triangulation of the sample of workers interviewed and those sampled for documentary verification of the transfer slip or record of payment to the worker. This step must be taken to confirm the wage received.

m. Crosschecking information against SUT and IESS
The information collected during the field visit and packing plant should be triangulated to validate the information presented by the workers.

**Audit report**

a. Report of evidence, records, and observation
Within the report to be submitted to the Rainforest Alliance, the evidence observed during the audit process must be considered and must be placed in the relevant requirements. It is important to consider magnitude and refer to complete triangulation.

As a final step, the Rainforest Alliance team will conduct the respective license review, focusing on compliance with the living wage requirement for Ecuador. In this review, the correct performance of both the Certification Body in terms of monitoring the procedure described above, as well as the Certificate Holder in terms of legal compliance with the living wage, will be verified. This last step will close the evaluation of the requirement.

### 5. GUIDE TO SALARY MATRICES

The Wage Matrix is a tool that the Certificate Holder can count on to measure the living wage gap. Both the Rainforest Alliance and IDH wage matrixes are valid for calculating the Living Wage gap. It must be taken into consideration that both matrices are different and have different calculation formulas that make the necessary adjustments; therefore, it is of fundamental importance that the filling indications are followed in each matrix.

The Rainforest Alliance recognizes and respects the requests made by European supermarkets to Certificate Holders with whom they have business relationships, on the use of the RA or IDH living wage matrix, hence the importance of its completion and submission to RA to collect data of interest.

The evaluation approach and verification commitment is determined by the need to identify the gap, so the measures from which the information is evaluated leads to this triangulation can be by means of the RA wage matrix or IDH matrix. Both matrices address the points of interest to identified the gaps.

The auditor must know the fundamentals for the calculation of Living Wage that we have already reviewed and evaluated to ensure that the data entry into the salary matrix that the Certificate Holder (CH) has used has been carried out correctly.

Both entering inaccurate data and entering data into unmatched Excel columns will lead to a miscalculated (incorrect) Living Wage gap.

Some CHs have used an EXCEL book for the calculation of the gap with the Living Wage, if the basic principles for acceptance of remuneration in the calculation of the Living Wage are followed and the data entered are accurate and correspond to reality, the well-done calculation must, in principle, be accepted.
I. MANUAL FOR COMPLETING THE RAINFOREST ALLIANCE SALARY MATRIX – ANNEX S8

The following are the sections contained in the Rainforest Alliance Salary Matrix (Annex S8)

✓ INTRODUCTION

In this section you will find instructions on the data that must be available when completing the salary matrix. You will also find the different sections of the salary matrix, with the purpose of better understanding the elements that are necessary to complete the tool. Keep in mind that the salary matrix analyzes the categories of work in a group way, as happens on the farm.

✓ GENERAL INFORMATION

The general information section contains data on location, crops, production, production seasons, and how your company or farm operates. It is necessary to include all the information requested here to have a complete picture of the operation.

✓ WORK CATEGORIES AND NUMBER OF WORKERS

Work categories are defined according to forms of work or payment of wages categorized as per paid in the same way for the same work done, i.e., this section is a summary of the payroll. Having a breakdown by each job category makes it easier to complete this section.
Note: It is very important to have the full number of workers, according to the size of the operation.

**BONUSES AND WAGES**

Regarding the bonus and wages section, it is necessary to be clear that bonuses are all those benefits that all labor personnel receive regularly, expected by the collaborator from the beginning of their employment relationship, paid in cash according to the agreements established from the contract and earned during ordinary hours. In the section of bonuses is where you should assign the amounts obtained by each category of work according to the segregation of men and women.

In the salary columns appears the option to write down the units of measurement, which can be ordinary days, packed boxes, quintals, or kilos of harvested then the amount paid for each unit and the column of the units of measures that on average perform in each category of work.
As important as the information is to account for the hours spent for each average unit performed by individuals in each job category, which must be accurate and reflect the hours actually worked.

✓ **IN-KIND BENEFITS**

This section is where benefits in kind or in cash (according to the country’s legislation) should be included for each category of work. They must be amounts that are obtained from the monthly costs that all workers receive in-kind. It is not necessary to include everyone, rather only those who receive it regularly.

**GENERAL CONSIDERATIONS FOR EVALUATING THE RAINFOREST ALLIANCE LIVING WAGE MATRIX**

1. All records and data examined reflect the correct year for which the Salary Matrix was completed.
2. Interviewees understand the reference year. For example, if the 2022 Salary Matrix was completed and the auditor audits in July 2023, he or she should review and cross-check payrolls, entry and exit records, and other records for the year 2022.
3. In the interviews, the questions must be asked with respect to the year to which the matrix corresponds, in this case 2022.
4. Although the Salary Matrix tool aims to collect actual time worked, including overtime, time worked beyond 48 hours is not counted towards the calculation of the living wage.
5. Remember the principle that workers should achieve a living wage in a workweek of 48 hours or less. Therefore, for the Wage Matrix to work properly, farms or certificate holders must keep track of the number of hours worked, they must have accurate records of the time worked by each worker.

6. Make sure you have available the collective agreement; in case the farm has one, the document usually indicates in detail the form of payment of the piecework and the work schedules. The farms also have tariffs (lists of work and form of payment).

7. Verify that the Living Wage benchmark value entered in the wage matrix corresponds to the year of the payroll records and the country or region/crop of the country, as per Annex S10.

8. If workers are grouped into job categories in the wage matrix, it is recommended to review the records related to the remuneration received making triangulation with the sample of workers reviewed.

9. It is also necessary to review the farm data or CH and the production data in each wage matrix and verify that they are in line with reality.

10. During the interview with workers be sure to cover the following topics:
    - type of contract (Ex: indefinite term / fixed term / special day)
    - payment type: hourly, daily, piecework.
    - payment amount according to type.
    - working days and schedules of entry and exit of work.
    - overtime work (frequency and quantity)
    - types of bonuses they receive and frequency of payment.
    - types of in-kind benefits they receive, whether their acceptance has been validated and the quality of these.

11. For categories of workers verify that:
    - In the salary matrix all workers are included even temporary workers, the only exception is the management (check with list of workers of the year under review, spreadsheets and by interviewing workers)
    - Categories of workers consist of workers with the same type of work and duration, have the same union status, are paid the same, and receive the same bonuses and benefits.

12. Verify that the categories of workers do not group in the same category workers with more than 10% difference in remuneration.
    - Worker categories have a unique name and workers are entered with a code and not the name depending on how the company manages its payroll and jobs.

13. For triangulation in the verification of working hours consider:
    - Auditors should check that the values entered in the tool come from actual records of hours worked and are not based on theoretical working hours. They must review entry and exit records and confirm through interviews with workers the actual hours worked. They must verify that the remuneration reflected in the salary matrix corresponds to the real one.
    - The payrolls / payment slips must be reviewed and with special care those of farms that pay by piecework. There is the possibility that for these farms the hours of the ordinary week are automatically reported and not the actual hours worked. It is very important to verify that the data in the salary matrix corresponds to the entry and exit records and not to those of the payment slips if they are not the same.

14. To check the benefits in-kind:
    - Ask the human resources staff / responsible of filling out the salary matrix what benefits in-kind the farm provides to the worker, ask how many workers receive the benefit and how the acceptance of these benefits by the workers was validated to be included in the living wage.
    - During the interview ask workers about the benefits in-kind received, ask about the quality and safety of the benefits in kind received.
- Verify that workers who receive benefits in kind and those who do not receive them are separated into different categories of workers.
- If workers receive different in-kind benefits and do not match, they should be placed in different categories than those receiving different benefits in kind, for example, transportation and housing.
- Review the benefit in-kind value assigned to each worker and verify that this corresponds to the actual value of the cost of the service for the farm/CH divided by the number of workers receiving the benefit. If the farm hires the transport service, verify the cost through payment invoices of the corresponding year. If the farm provides housing, verify that the value assigned to the worker corresponds to the amount of what it would cost to rent a similar home.
- In case the auditor is not familiar with costs in the region, he can consult the Living Wage Benchmark Report available in the region (Living Wage Benchmark Report, in [www.globallivingwage.org](http://www.globallivingwage.org)) to determine the reference values of benefits in-kind.
- Visit the homes and assess if they meet the criteria of quality and safety.
- Inspect transport units, check that they meet quality and safety criteria.
- Remember: for benefits in-kind to be valued as part of the total living wage remuneration, these benefits must be recognized as valuable by workers.

15. Verify that, in the part of the salaries, the gross values were entered.

16. Verification of bonuses must be done through:
- Verify that bonus amounts were allocated only to workers who received them.
- Verify that the premiums of 13th and 14th month have been calculated based on accruals only in ordinary hours and that overtime has not been included in the amount.
- Verify that the bonuses entered meet the criteria of acceptability as part of the living wage.

Note: different concept between the two matrices: IDH considers vacation by law as part of the salary and places it in the total accrual. In the RA matrix, vacations are considered as a bonus.

II. MANUAL FOR COMPLETING THE IDH SALARY MATRIX

The audit will focus on payroll information (Excel sheet 5 / IDH "payroll" tab).

- Check the amount paid. How has the CH calculated it? What information has been used to calculate totals/averages? Does this information correspond to payroll and worker interviews?
- Check hours worked. How has the CH calculated it? What information has been used to calculate totals/averages? Does this information correspond to payroll and worker interviews?
- Check if overtime has been included. Have they been included in the total pay and overtime?
- If job categories are used: Are these categories correct? Do these workers perform the same tasks and receive the same remuneration? How has the CH calculated category-level averages?
- **In-kind benefits**
  - Check the calculation of in-kind benefits. How has the employer calculated the cost of in-kind benefits? What evidence is there to guarantee this calculation? Has the farm used the lower value to provide benefits in kind, if the amount varies from worker to worker?
  - If categories are used, do all the workers in the category receive benefits? If not, divide it into several categories.
**Benchmark:**
- Has the CH used the correct reference point according to Annex 10?

**Indicator template**
- Has the CH correctly entered the results of the wage matrix tool into the indicator template? (Works differently for groups)
6. VERIFICATION OF INDICATOR DATA

Since June 29, 2023, Rainforest Alliance has implemented the collection of indicators through the RACP, information that must be collected by Certificate Holders to comply with the requirements of the standard. Regarding the Living Wage indicators, one of the tools used for this data collection is through the Living Wage Matrix tool Annex S08 or the IDH Salary Matrix.

An indicator is defined as a specific, observable, measurable number that is used to show the progress of desired changes.

Some characteristics of the indicators are:

- Can be measured quantitatively.
- Indicators must capture the essence of the desired change.
- Ideally, they should be formulated in a way that allows comparison over time and between similar contexts.

The indicators of the Rainforest Alliance certification program correspond to the data on the information that Certificate Holders must collect to comply with the requirements of the standard.

Annual measurement of indicators can help certificate holders better manage farms, make better-informed decisions, and better quantify and show the benefits of more sustainable practices. Indicator data helps certificate holders and the Rainforest Alliance track improvements achieved and provide information on the support required.
Certificate Holders may collect indicator data through the following mechanisms:

1. RA tools and templates:
   a. Annex S02 : Management capacity assessment (Management Capacity Assessment Tool)

2. Internal inspections and its documentation.
3. Implementation of documentation.

Certificate holders should have prepared and in hand the following documents to submit in the audit:

1.1.1 Complete the Management Capacity Assessment Tool (Annex 2).
1.3.3/1.3.4 Records of training and services provided, as well as records of attendance at training workshops.
3.2.1/3.2.2 Contracts with buyers indicating agreed DS, access to MIT transactions, and records of DS expenses and payments to farms.
3.3.1 Completion of the template of the Sustainability Investment Plan (annex S16) and documentation of expenses in SI.
5.1.3/5.1.4 Grievance mechanism documentation and A&A system records
5.4.1 Completed salary matrix tool (annex 8) and payment receipts.