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A LIVING WAGE
CRUCIAL FOR SUSTAINABILITY

About ACCA

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over **252,500** members and **526,000** future members in **180** countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

Find out more at accaglobal.com

About Shift

Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights.

Our global team of experts works across all continents and sectors to challenge assumptions, push boundaries, and help redefine corporate practice, in order to build a world where business gets done with respect for people's dignity. We are a non-profit, mission-driven organization, headquartered in New York City.

More information is here shiftproject.org

About Forvis Mazars

Forvis Mazars is a leading global professional services network.

The network operates under a single brand worldwide, with just two members: Forvis Mazars LLP in the United States and Forvis Mazars Group SC, an internationally integrated partnership operating in over 100 countries and territories.

Both member firms share a commitment to providing an unmatched client experience, delivering audit & assurance, tax and advisory services around the world. Together, our strategic vision strives to move our clients, people, industry and communities forward.

Through our reach and insight, we help organisations respond to emerging sustainability issues in the global marketplace including human rights, climate change, environmental impacts and culture.



A LIVING WAGE – CRUCIAL FOR SUSTAINABILITY

The cost-of-living crisis of late 2021 to 2023 has affected almost all geographies and generations, and genders. Strikes and protests by workers and communities demonstrate how much this issue has affected them. Cost-of-living concerns have become a key issue in political elections around the world during 2024. Inequality continues to rise and threatens social stability.

As the world grapples with the impacts of worsening climate and nature-related crises amid increasing inequality, the worst-affected segments of society are likely to be those who earn the least. Yet, the payment of wage levels that are below what workers need for a decent standard of living is not adequately addressed as a sustainability matter by organisations, despite its strong linkage to the achievement of several UN Sustainable Development Goals.

Using the insights of more than 1,000 survey respondents and roundtable discussions and interviews with more than 50 accountancy and finance professionals from across the world, many of whom are members of ACCA, this report looks at the concept of a living wage as a response to this issue.

This report is not a detailed explanation of how a living wage can be calculated; rather, it describes why it is needed for addressing social considerations in sustainability and the role of finance and accountancy professionals in progressing the payment of a living wage in their organisations and the wider value chain.

Summaries of the survey data are available [online](#).

Foreword



Helen Brand OBE
Chief Executive, ACCA

Extraordinarily high levels of inequality are now a systemic risk to economies and societies. Inequality has been compounded by the recent cost-of-living crisis, and consequently strikes and protests have been witnessed throughout the world. Estimates from the Business Commission to Tackle Inequality (BCTI) suggest that there are now over one billion workers earning less than they need to afford a decent standard of living. This is untenable, yet the subject of wages rarely gets mentioned in sustainability-related conversations and priorities.

This research brings to light strong evidence that finance and accountancy professionals recognise the importance of a living wage and appreciate its link to sustainability. They see it as not only the right thing to do from an ethical perspective, but equally as a matter of fundamental human rights. Nonetheless, while they realise their shared responsibility and ability to influence the likelihood that living wages will become commonplace, the reality remains that large number of workers do not earn sufficient to have a decent standard of living. This is a call to which the profession must respond. As custodians of value, they must also look to extend the scope of living wage payments to those beyond their own entity's workforce by encouraging its suppliers to do the same.



Caroline Rees
President and Co-Founder,
Shift Project Limited

Importantly, living wages act as a socio-economic multiplier. They allow workers and their households to enjoy a decent standard of living, better access to nutrition, health and education. In turn, they bring tremendous benefit to organisations from a more motivated and productive workforce, lower staff turnover and risks of forced labour, improved financial performance and value chain resilience. At a more macro level, the increased consumption spending that will probably result from living wages will tend to encourage economic growth, reduced government spending on subsidies, lower bribery and corruption risks and improved social stability by reducing inequality.



Richard Karmel
Managing Partner –
London, Forvis Mazars,
United Kingdom

Living wages are also getting attention in standard-setting processes such as the European Sustainability Reporting Standards (ESRS). The profession should stay abreast of such developments and understand how they could affect their own organisations. The profession needs to explore new approaches for how it reports the value of people in corporate reporting. These actions have the potential to strengthen the measurement and reporting of the social dimension of sustainability.

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Executive summary

Today, the social dimension of sustainability has surfaced as a fast-rising agenda that cannot be ignored. Inequality is a systemic risk, with the World Inequality Lab estimating that the top 10% of earners receive nearly 52% of total global pay, while the lowest-paid half of workers receive 8.5% (Chancel et al 2021).

The recent cost-of-living crisis has compounded this, with strikes, protests and demonstrations occurring in both the Global North and South as workers and communities struggle to afford day to day essentials such as food, accommodation, energy, transportation and heating.

International Labour Organization (ILO) experts have opined that decent wages are central to economic and social development and justice. They reduce poverty and inequality and allow workers to have a decent and dignified life. BCTI estimates that over a billion workers worldwide (approximately one-third of all workers) earn less than they need to afford a decent standard of living (BCTI 2023). ACCA's [Global Talent Trends 2024](#) (ACCA 2024) report also found that finance and accountancy professionals are not spared either with the impact of inflation on real wages rated as the biggest work-related fear.

While there is no single global definition of a living wage, based on the different articulations adopted by notable organisations (for example, ILO, Global Living Wage Coalition), a living wage essentially provides a worker and their family with a decent standard of living, including discretionary income or savings for future unexpected events. Importantly, it should be based on normal hours of work (excluding overtime) and is not a one-size-fits-all approach. In other words, it should consider local or regional differences in the cost-of-living within countries.

Living wages have the potential to act as a major socio-economic multiplier that provides benefits across the eco-system – for workers, employers, economies and governments. It enables workers and their households to have a decent standard of living, access to better nutrition, health, education and savings for future emergencies.



They benefit organisations by creating a more motivated and productive workforce, improving talent retention which lowers rehiring and retraining costs and effort, reducing forced labour incidences and reputational risks, improving financial performance and value chain resilience.

At a more macro level, the increased consumption spending that will likely result from living wages will lend towards economic growth (estimated by BCTI to be US\$4.56 trillion additional GDP per annum) (BCTI 2023), reduce government spending on subsidies, lower bribery and corruption risks and reduce inequality.

Against this context, our research explored the case for a living wage. It involved a global survey with more than 1,000 respondents from 93 countries as well as roundtables and interviews with participation from more than 50 finance and business professionals.

This report offers the following key insights:

- Among global survey respondents, **89%** recognise the importance of a living wage while **82%** see it as linked to sustainability.
- Paying workers below a living wage is inconsistent with preserving and enhancing the value of human capital. Business and investor initiatives involving leaders from across all regions are increasingly highlighting the importance of paying living wages to reduce inequalities and the related risks to societies, economies and financial systems.
- Ethics and human rights are widely seen by the finance and accounting professions as primary reasons why living wages are important. Not paying a living wage should be understood as a human rights abuse, not dissimilar to modern slavery, child labour etc.

THE OVERWHELMING RECOGNITION THAT A LIVING WAGE IS IMPORTANT TO THE ACHIEVEMENT OF SUSTAINABILITY GOALS MAKES A COMPELLING CASE FOR LIVING WAGES TO NOW FEATURE AS PART OF SUSTAINABILITY-RELATED CONVERSATIONS AT BOARD AND SENIOR MANAGEMENT LEVELS, AND FOR RELEVANT INTERNAL FUNCTIONS TO PLAY THEIR ROLE IN ACHIEVING PROGRESS.

Survey respondents saw the top factor that would drive their organisation to commit to paying a living wage as lying in organisational leadership seeing it as intrinsic to a sustainable operating model (60%). The second highest factor was leadership willingness to pay a living wage (56%).

Many roundtable participants felt that a regulatory push is important before meaningful change can happen. Legislative requirements such as the Corporate Sustainability Due Diligence Directive (CSDDD) which makes it mandatory for large companies in the European Union (EU) (as well as those with significant turnover in the EU) to address potential and actual human rights impacts in their operations and value chains will put living wages and responsible purchasing practices on the corporate agenda.

While some participants in roundtable discussions raised concerns that some businesses – notably SMEs – may not be able to pay living wages and stay in business, 87% of survey respondents who were from SMEs supported the importance of paying a living wage to their full workforce, including core contractors.

Some roundtable discussants noted that business models with low margins that rely on paying below a living wage to be viable need to be critically redesigned based on value.

Most survey respondents felt that their organisation should pay a living wage to its own its employees (cumulatively 86%) and contractors. However, only a minority believe it is their organisation’s responsibility to encourage its suppliers to pay a living wage to their employees. This stands in contrast to the international standards on human rights due diligence and related legislation adopted recently in the EU.

Regional and international reporting standards are starting to address issues of human capital, and this trend can be expected to continue. Finance and accounting professionals should stay abreast of such developments and understand how they may impact their organisations.

Progressing towards paying a living wage will require a multiplicity of different eco-system actors. Set out below are examples of actions that the finance and accountancy community can advocate to relevant stakeholders.



Calls to action

Making living wages a reality is possible. Finance and accountancy leaders have a tremendous opportunity to advocate for a living wage. Key actions they can take include:

TABLE ES1: Calls to action for chief financial officers (CFOs) / finance directors / heads of finance

CHIEF FINANCIAL OFFICERS / FINANCE DIRECTORS / HEADS OF FINANCE
<ul style="list-style-type: none"> ■ Understand the importance of and business case for paying a living wage, as well as the implications if the organisation does not do so.
<ul style="list-style-type: none"> ■ Bring to the agenda of boards and senior management the need to address wages as a fundamental sustainability issue. Help them to appreciate that paying a living wage requires attention alongside discrimination, modern slavery, child labour and other human rights impacts and should be taken into account in the organisation’s sustainability goals.
<ul style="list-style-type: none"> ■ Support the business case for a living wage by a holistic analysis of the total effects on non-salary and wages profit and loss (P&L) items arising from not paying a living wage. These items include: <ul style="list-style-type: none"> • cost of rehiring when underpaid workers have gone elsewhere • cost of retraining replacement workers • productivity loss from talent attrition during periods of rehiring and retraining • presenteeism • absenteeism • lack of motivation and creativity; and • mental health and well-being issues.
<ul style="list-style-type: none"> ■ Use living wage estimates developed by credible organisations that meet accepted criteria to assess gaps in living wages for different categories of work across the value chain.
<ul style="list-style-type: none"> ■ Recommend a transition plan towards paying a living wage for: <ul style="list-style-type: none"> • the organisation’s own employees and contractors; and • workers in the organisation’s value chain – encourage supply chain entities to pay a living wage to their employees and contractors. This should start with Tier 1 suppliers and progress beyond.
<ul style="list-style-type: none"> ■ Prepare and ensure integrity of disclosures under ESRS S1 (where applicable).
<ul style="list-style-type: none"> ■ Stay abreast of new sustainability reporting standards from the International Sustainability Standards Board (ISSB) which may consider this issue.

Progressing towards paying a living wage will require a multiplicity of different eco-system actors. Set out below are examples of actions that the finance and accountancy community can advocate to relevant stakeholders. These are neither exhaustive nor sequential in nature but complementary as a whole. Collectively, they make a compelling force for changing the lives of millions of workers around the world who do not earn sufficiently to have a decent standard of living.

TABLE ES2: Calls to action for governments and policymakers

GOVERNMENT / POLICY MAKERS
Engage with governments and policy makers regarding the need and opportunity to:
<ul style="list-style-type: none"> ■ recognise that inequality is a fundamental and systemic risk to society with significant repercussions if left unaddressed. Ignoring the basic needs and aspirations of society may threaten the legitimacy and trust of governing mechanisms in the country. It may also reduce the stability of economies and financial systems
<ul style="list-style-type: none"> ■ recognise their responsibility as signatories to the Universal Declaration of Human Rights, for ensuring that workers are able to earn wages that allow them (and their household) to live an existence worthy of human dignity (Article 23 of the Universal Declaration of Human Rights)
<ul style="list-style-type: none"> ■ socialise the understanding that when workers are paid less than a living wage, even if it is above the legal minimum wage, it represents a human rights issue, such as modern slavery, forced and child labour
<ul style="list-style-type: none"> ■ promote greater understanding of the concept of a living wage (and the difference with the legal minimum wage) by working with business and investor communities, including SMEs, supported by trade unions, worker representative bodies and human rights-based organisations
<ul style="list-style-type: none"> ■ avoid the tendency to set minimum wages artificially low in order to be more ‘business-friendly’ as this places undue burden on workers (especially those in the lower economic strata). Recognise that subsidy programmes that are designed to help alleviate these pressures add a direct cost burden on the government’s fiscal position
<ul style="list-style-type: none"> ■ use taxation as a policy instrument to incentivise employers to pay a living wage
<ul style="list-style-type: none"> ■ appreciate the socio-economic multiplier benefits that a living wage brings to workers, employers, the economy and public finances; and
<ul style="list-style-type: none"> ■ design and implement a national living wage policy and/or legislative reform that recognises the need for a living wage based on factors relevant to key locations. This should include a transition plan towards paying a living wage for all sectors.

TABLE ES3: Calls to action for industry groups and employer federations

INDUSTRY GROUPS / EMPLOYER FEDERATIONS, ETC.
Engage with industry groups and employer federations of which their organisation is a member to:
<ul style="list-style-type: none"> ■ help them to understand that not paying a living wage should be considered a human rights issue, just as modern slavery, child labour, discrimination and other impacts are. This should be taken into account both in the organisation’s sustainability journey and as part of its implementation of the international standards on responsible business conduct and EU legislation; and
<ul style="list-style-type: none"> ■ recognise the vast socio-economic multiplier benefits of paying a living wage and act collectively – and without infringing on anti-trust requirements – to transition towards paying a living wage on an industry basis for: <ul style="list-style-type: none"> • members’ own employees and contractors; and • workers in their value chains – encourage suppliers and other business partners to pay a living wage for their employees and contractors. This should start with Tier 1 suppliers and progress beyond.

TABLE ES4: Calls to action for investors

INVESTORS
Similar to expectations and obligations on organisations to raise their climate action ambition, advocate that investors should:
<ul style="list-style-type: none"> ■ support their investee companies to: <ul style="list-style-type: none"> • assess the Living Wage Deficit (section 4.1) for their own workforce, including contractors and at least the first tier of their suppliers; and • develop transition plans to close the Living Wage Deficit, if any
<ul style="list-style-type: none"> ■ use the socio-economic multiplier benefits of a living wage, and the systemic risks to societies, economies and financial systems posed by income inequality, to influence other actors in the eco-system to advance progress on a living wage; and
<ul style="list-style-type: none"> ■ incorporate living wages as a key criterion in: <ul style="list-style-type: none"> • due diligence exercises as part of investment or divestment workflows; and • the valuation of portfolio companies

TABLE ES5: Calls to action for standard setters and accountancy bodies

STANDARD SETTERS AND NATIONAL ACCOUNTANCY BODIES
Encourage public and private standard setters and national accountancy bodies to:
<ul style="list-style-type: none"> ■ consider exploring new approaches to assessing the value of people in corporate reporting
<ul style="list-style-type: none"> ■ consider including in sustainability disclosure standards references to a living wage which require organisations to benchmark their wage levels relative to a credible living wage estimate and disclose how they plan to further progress the payment of a living wage – both within their organisations and across their value chains. This will allow for more comprehensive analysis and decision making by managers, investors and other stakeholders; and
<ul style="list-style-type: none"> ■ socialise and educate their members on the growing importance of addressing social issues as part of environmental, social and governance (ESG) considerations. This includes living wages both as part of the sustainability agenda and as a key factor in risk management.

TABLE ES6: Calls to action for cross-sectoral and multi-stakeholder organisations that advocate business and human rights

CROSS-SECTORAL AND MULTI-STAKEHOLDER ORGANISATIONS THAT ADVOCATE ON BUSINESS AND HUMAN RIGHTS
Work with relevant cross-sectoral and multi-stakeholder organisations to:
<ul style="list-style-type: none"> ■ advocate for a living wage to governments and businesses
<ul style="list-style-type: none"> ■ highlight the consequences of low wages for employees and their households, as well as the socio-economic multiplier benefits of paying a living wage; and
<ul style="list-style-type: none"> ■ highlight that implementation of the EU’s CSDDD legislation and its sustainability reporting standards should bring focus onto living wages for every company covered by these requirements.

TABLE ES7: Calls to action for customers

CUSTOMERS
Help the organisation's customers to:
<ul style="list-style-type: none">■ understand and use their purchasing power in favour of organisations that pay a living wage or are making measurable progress towards paying living wages, relative to those that do not■ understand why the organisation is committed to paying a living wage; and■ use their voice and influence other actors in the eco-system to advance progress on a living wage.



1. The case for a living wage

1.1 What is a living wage?

While there is no global agreement on the definition of a living wage, several notable organisations have provided insight into this concept. The ILO for example, articulates the concept of a living wage as *‘the wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country circumstances and calculated for the work performed during the normal hours of work’* (ILO 2024). Similarly, Reggie Ecclissato, Chief Supply Chain and Business Operations Officer at Unilever, in an article submitted for the World Economic Forum (WEF) annual meeting, states that *‘a living wage, or living income, is the local remuneration received for a standard workweek that is sufficient to afford a decent standard of living for a worker and their family. It should be enough to provide for all basic needs, as well as some discretionary income and provision to cover for unexpected events’* (Ecclissato 2022). The Global Living Wage Coalition describes a living wage as *‘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,*

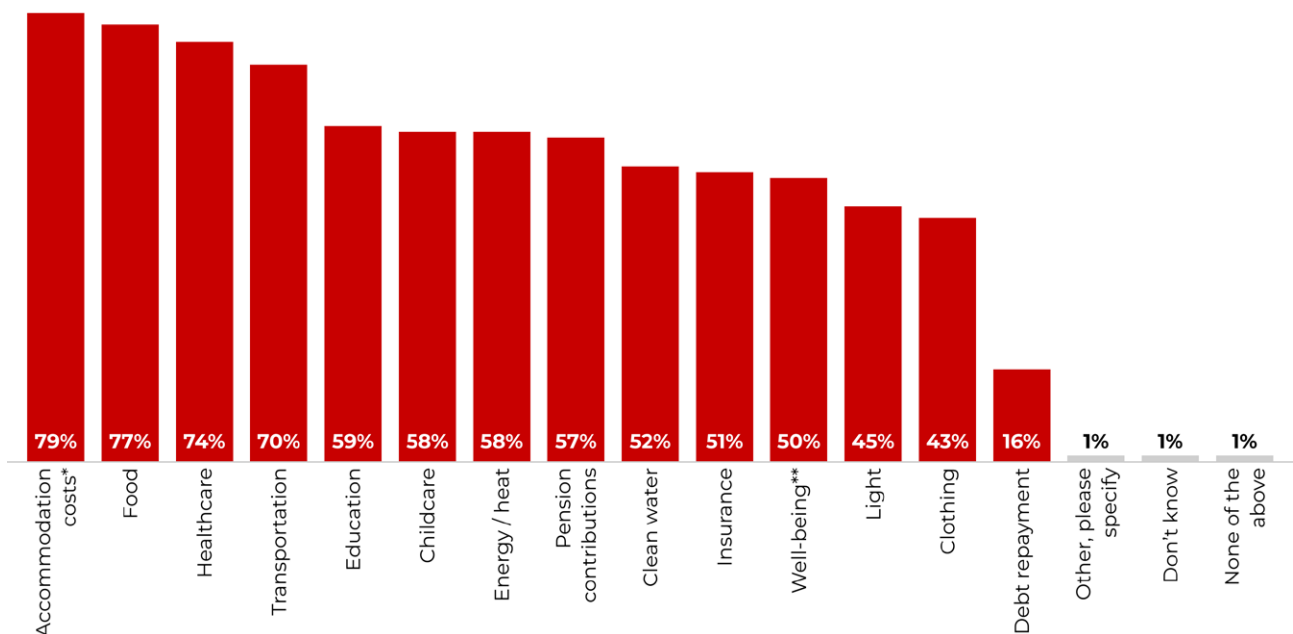
water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events’ (Global Living Wage Coalition nd).

In our survey, when asked to identify components of a living wage, the items selected by a majority of respondents were accommodation, food, health care, transportation, education, energy/heat, childcare, pension contributions, clean water and insurance (Figure 1.1). These correspond to the description of a living wage above and indicate that the survey respondents are attuned to what workers need in order to have a decent standard of living.

There is therefore a strong consensus that a living wage should provide the worker and their family with an income that principally:

- provides a decent standard of living as well as discretionary income or savings for unexpected events
- is based on normal hours of work or a standard work week (ie excludes overtime), and
- reflects local or regional differences in the cost-of-living within countries and is not determined by a one-size-fits-all approach.

FIGURE 1.1: Which of the following items do you think should be included in the calculation of a living wage? (Select all that apply)



*eg mortgage, rent and equivalents

**eg social activities to a level conducive to mental well-being

It is worth highlighting that there are notable differences in the survey results across regions due to local context and circumstances, which can be found in the [Survey data](#).

Indeed, this points to the fact that components and calculations used to determine a living wage must necessarily be based on a recognised methodology and take into account local context.

This means, for example, that a living wage will be different between London and Cardiff in the United Kingdom, or between Kuala Lumpur and Ipoh in Malaysia, and between

Lagos and Abuja in Nigeria. Such disparities even within a country highlight the complexities involved in implementing living wages fully.

For further information on the methodologies and frameworks available for calculating a living wage, please refer to [Appendix 1](#). While there may be differences between estimates for the same location, it is important that individuals and organisations that are looking to pay a living wage adopt estimates that are based on recognised methodologies. A document setting out frequently asked questions (FAQs) on a living wage can be found on the Policy & Insights page of the ACCA website.

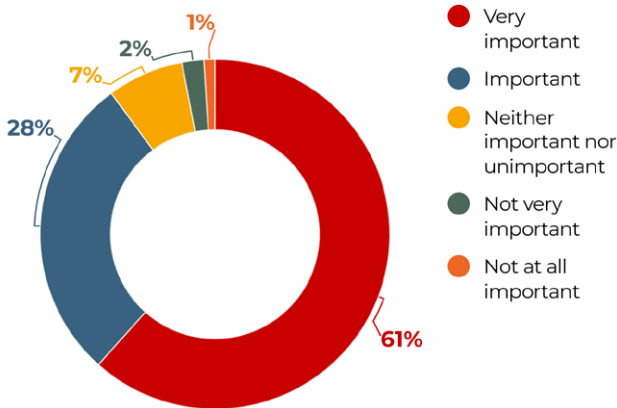


2. Current perspectives on a living wage

2.1 A living wage

Globally, 89% of survey respondents recognise that it is important or very important for a living wage, at a minimum, to be paid to the full workforce, including core contractors¹ (Figure 2.1). This strong recognition of its importance reflects concerns over low wage levels in the context of rising inequality, sharp increases in the cost-of-living, a social crisis in the middle of a climate crisis, etc. The interdependence of sustainability dimensions also means that social aspects cannot be dealt with in isolation.

FIGURE 2.1: How important is it for organisations to pay a living wage to their full workforce, including core contractors?



In February 2024, at its meeting of experts on wage policies, the ILO opined that:

‘DECENT WAGES ARE CENTRAL TO ECONOMIC AND SOCIAL DEVELOPMENT AND TO ADVANCE SOCIAL JUSTICE. THEY ALSO PLAY AN ESSENTIAL ROLE IN REDUCING POVERTY AND INEQUALITY AND ENSURING A DECENT AND DIGNIFIED LIFE’.
(ILO 2024)

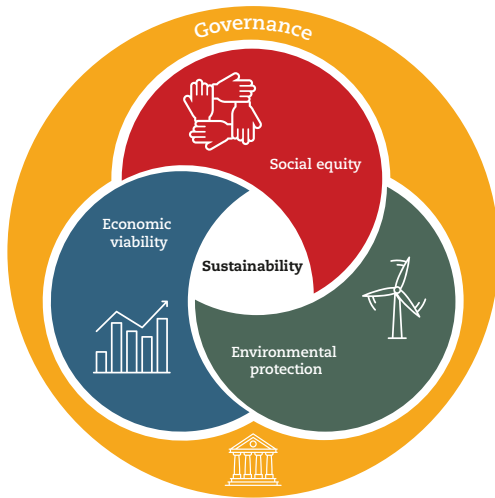
Sharp rises in the cost-of-living have been experienced throughout the world over the last few years. Wage increases lagged considerably, however, leading to strikes and protests by workers.² For example, in 2023, strikes by airport, bus and train station workers in Germany and Britain, disrupted journeys for millions of people. In conjunction with Labour Day on 1 May 2024, workers and activists organised protests and rallies in South Korea, Japan, Taiwan, Indonesia, the Philippines and across Latin America in response to rising prices and the need for stronger labour rights.³ In February 2024, thousands of Nigerian workers went on nationwide protests against the increasing cost-of-living amid economic austerity measures introduced by the government.

Finance and accountancy professionals are not spared from this issue. ACCA’s *Global Talent Trends 2024* report, which surveyed almost 10,000 finance professionals across 157 countries, found that ‘the impact of inflation on the real wages of employees tops the list for the biggest work-related fear across the profession, and it’s creating incredible pressure on employers to think about how they manage spiralling wage demands’. Importantly, these concerns were seen across almost all geographies and generations, and genders.

In a submission to the WEF 2022 annual meeting, Reggie Ecclissato stated that ‘... what many are yet to grasp is that equally urgent action is needed to stem the social crisis that is running in parallel with the climate crisis. Much like climate change, rectifying the world’s social imbalance requires a specific set of targeted actions to avoid catastrophe. One of the most powerful actions we can take to address social inequality is to encourage the widespread adoption of living wages’ (Ecclissato 2022). It’s important to recognise this interdependence of sustainability dimensions (Figure 2.2). As one of our roundtable participants put it, ‘pulling on one lever affects another’ as the adverse effects of climate and nature risks will affect people’s lives and livelihoods as well as cause economic losses. Conversely, taking advantage of climate and nature-related opportunities can create jobs, together with the need for new skills sets and capabilities, and enhance economic growth.

1 Core contractors for the purposes of this research is defined as those who work for an organisation for more than 21 hours a week, whose work is controlled by the organisation, and who are either self-employed, or hired via a third-party agency.
2 Examples can be found in Reuters (2023) and IndustriALL (2024).
3 Examples can be found in Al Jazeera (2024), The Star (2024) and Crisis24 (2024).

FIGURE 2.2: Dimensions of sustainability



Source: ACCA / Chartered Accountants Australia and New Zealand (2024)

The BCTI represents a cross-sector, multi-stakeholder coalition of leaders and their organisations convened by the World Business Council for Sustainable Development (WBCSD). In its report *Tackling Inequality: An Agenda For Business Action*, the BCTI suggests that ‘a globally implemented a living wage could generate \$4.56 trillion in additional GDP each year through increased productivity and spending’ (BCTI 2023).

‘A GLOBALLY IMPLEMENTED LIVING WAGE COULD GENERATE \$4.56 TRILLION IN ADDITIONAL GDP EACH YEAR THROUGH INCREASED PRODUCTIVITY AND SPENDING’.

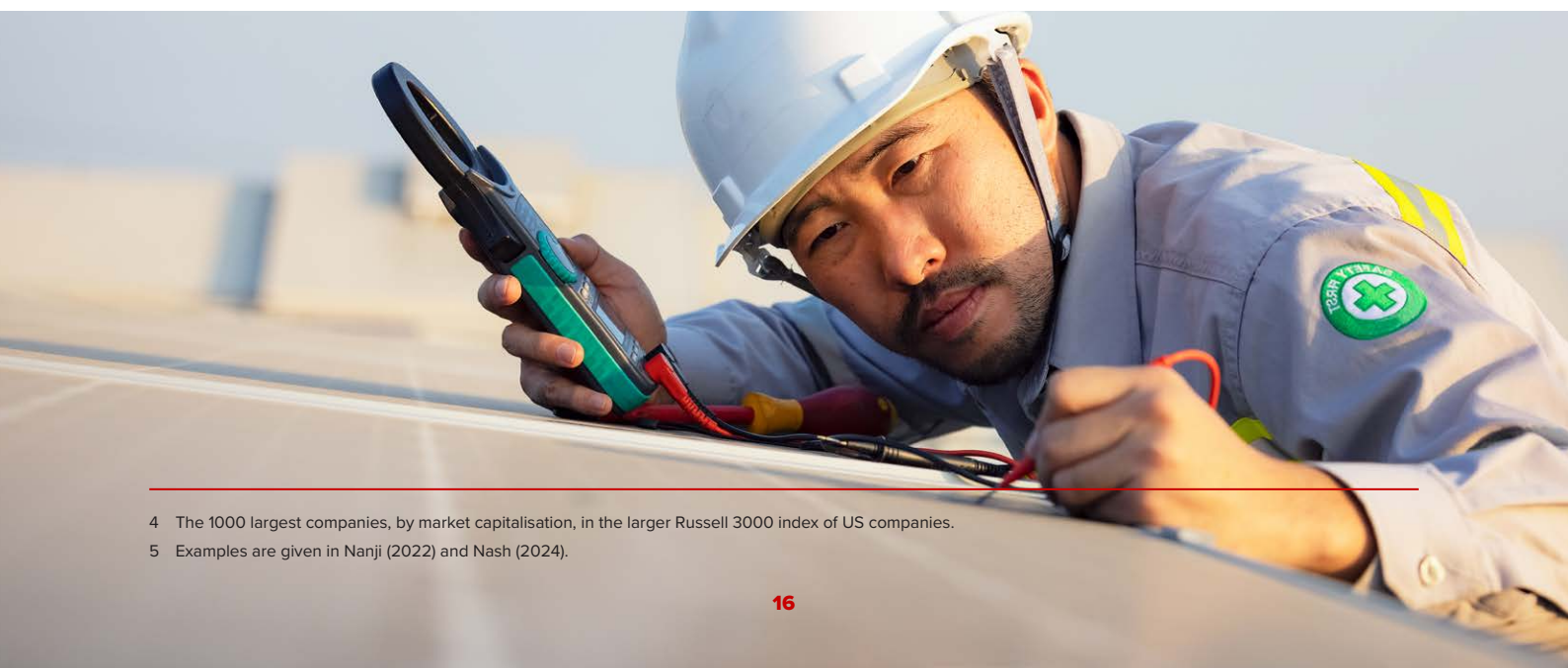
THE BUSINESS COMMISSION TO TACKLE INEQUALITY

The ILO further notes that while ‘there has been a positive long-term global trend in average wages, millions of workers worldwide – in both the formal and informal economies – continue to earn very low wages compared to the cost-of-living and live in poverty. These workers and their families are unable to afford healthy food, decent housing, medical care or schooling for their children’ (ILO 2024). Taking the United States as an example, JUST Capital estimates that ‘among all US-based Russell 1000⁴ workers, 36.3% of workers are not making a family-sustaining living wage. That’s about 6.1 million full-time workers who are not making enough to support a family with another full-time working adult and two children. The analysis further estimates that about 19.2% of Russell 1000 workers do not earn enough to meet their own basic needs – or a living wage for one full-time employee without dependents [sic]’ (JUST Capital 2024). Millions of workers are also having to take on more than one job just to make ends meet.⁵

India as a nation has announced plans to implement a living wage by 2025, with the government working with the ILO for its technical assistance with building the frameworks needed to estimate and implement a living wage. With more than 500 million workers, most of whom are in unorganised sectors, this represents an enormously complex national undertaking, yet it signals positive intent and recognition of the criticality of the issue (Economic Times 2024).

It is in this context that our research explores several critical issues.

- Is the concept of a living wage important?
- Is it linked to organisations’ sustainability agenda?
- What factors are needed to progress the payment of a living wage?
- Crucially, what is the role of accountancy and finance professionals in this regard?



4 The 1000 largest companies, by market capitalisation, in the larger Russell 3000 index of US companies.

5 Examples are given in Nanji (2022) and Nash (2024).

2.2 Why a living wage is important

Globally, the top three factors identified by respondents who considered a living wage to be important are:

- it is ethically the right thing to do regardless of any legal obligation (66%)
- it is a human right to be paid sufficiently to maintain a decent standard of living (65%)
- it contributes to reducing inequality and promoting social stability (58%).

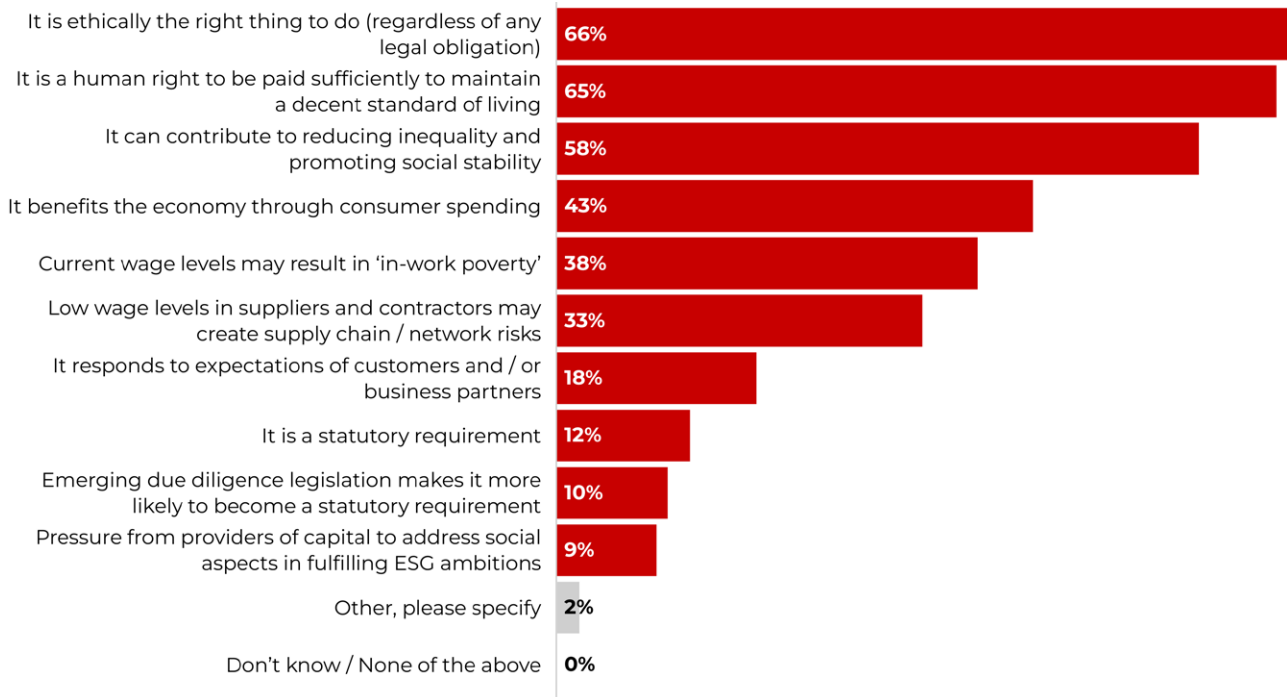
This citing of the ethical dimension and human rights angle by survey respondents is significant. Ethics is a cornerstone of the accountancy profession and is integral to serving the public interest (IESBA 2023). It ensures trust in financial and non-financial information used in decision-making and reporting (MIA Ethics Standards Board 2023). As the [2024 Edelman Trust Barometer: Global Report](#) (Edelman 2024: page 39) highlights, business remains the only trusted institution relative to NGOs, government and media. Trust is essential to the proper functioning and integrity of organisations, markets and economies.

The high percentage of respondents who highlight the human rights perspective (65%) is equally important. Article 23.3 of the Universal Declaration of Human Rights, which has been signed by all 193 member states, declares that ‘everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection’ (United Nations 1948). While it does not use the term of a living wage per se, having a ‘just and favourable remuneration’ that ensures existence of human dignity has strong parallels with having a ‘decent standard of living’ (found in both ILO and WEF articulations above).

‘EVERYONE WHO WORKS HAS THE RIGHT TO JUST AND FAVOURABLE REMUNERATION ENSURING FOR HIMSELF AND HIS FAMILY AN EXISTENCE WORTHY OF HUMAN DIGNITY, AND SUPPLEMENTED, IF NECESSARY, BY OTHER MEANS OF SOCIAL PROTECTION.’

ARTICLE 23.3 OF THE UNIVERSAL DECLARATION OF HUMAN RIGHTS

FIGURE 2.3: Which of the following factors relate to why you consider this to be important? (Select all that apply)



‘There is a strong link between not paying a living wage and modern slavery.’

‘Modern slavery cannot be interpreted in a narrow sense by reference to legislation.’

‘If someone is not paid a living wage, they are more likely to feel obligated to work even when they are sick or when there is a huge crack in their building.’

Måns Carlsson OAM,
Head of ESG / Co-Portfolio Manager
(Active Sustainable Share Fund)
at Ausbil Investment Management Ltd

Just as modern slavery and child labour are recognised as human rights violations, several roundtable participants and interviewees also regarded paying workers below what they need for a decent standard of living as a human rights issue.

In the UN Guiding Principles on Business and Human Rights, Guiding Principle No. 15 articulates the responsibility of all businesses to have in place policies and processes appropriate to their size and circumstances, through which to know and show that they respect human rights, including:

- a) a policy commitment to meet their responsibility to respect human rights
- b) a Human Rights Due Diligence (HRDD) process for identifying, preventing, mitigating and accounting for how they address their impacts on human rights (see box on HRDD)
- c) processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.

Human rights due diligence (HRDD)

‘In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out HRDD. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.’

‘Human rights due diligence:

‘(a) Should cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships;

‘(b) Will vary in complexity with the size of the business enterprise, the risk of severe human rights impacts, and the nature and context of its operations;

‘(c) Should be ongoing, recognizing that the human rights risks may change over time as the business enterprise’s operations and operating context evolve.’

UN Guiding Principles on Business and Human Rights, Guiding Principle No. 17 (UN 2011).

Among global respondents, 58% believe a living wage can help to reduce inequality and promote greater social stability. The BCTI has identified inequality as a systemic risk to societies and economies, eroding trust in political and economic systems. In its flagship report, [Tackling Inequality: An Agenda for Business Action](#), it highlighted research from the World Inequality Report (Chancel et al 2021) estimating that:

- the top 10% of earners receive nearly 52% of total global pay, while the lowest-paid half of workers receive 8.5%
- the richest 10% of the world’s population now owns over 75% of all global wealth, while the poorest 50% owns 2%, and
- the 10 richest men in the world now own more wealth than 3.1 billion people (BCTI 2023).

It calls on businesses to do more to pay and promote living wages and living incomes across its value chain. *‘Living wages and incomes are needed to lift the lower end of the income distribution and provide people with a foothold on the socio-economic ladder. By definition, living wages and incomes enable people to afford the products and services they need to stay healthy, acquire new skills, secure better jobs, or build bigger, more profitable businesses – ultimately attaining higher levels of income, wealth and wellbeing over time and passing better prospects on to future generations’* (BCTI 2023).

‘WITHOUT A LIVING WAGE WORKERS MAY BE COMPELLED TO ... PUT THEIR CHILDREN IN WORK INSTEAD OF SCHOOL.’
ETHICAL TRADING INITIATIVE (ND)

Some of our roundtable participants argued that moving from current minimum wage levels to living wages may in turn create inflationary risks, including from the impact of the need to maintain existing wage differentials. While some degree of price increases is inevitable, it is unlikely that the income of the bottom half of workers who receive only 8.5% of total global pay will create huge inflationary risks. Market forces over any consequential pay rise of those earning above a living wage will probably attenuate any runaway effects on inflation. Organisations should also realise that maintaining strict wage differentials will only exacerbate the already huge inequality that exists today.

Roundtable participants also raised the expanding use of automation and artificial intelligence as a concern, as this may result in job displacement and the hollowing-out of middle-income jobs.

Surprisingly, emerging or current legislative requirements, pressures from customers and providers of capital ranked lower in the survey results as reasons why a living wage matters. This was markedly different from the views of participants at roundtable deliberations, who argued that legislative requirements are a key driver in making the payment of a living wage a reality.

A case in point is the CSDDD, which was approved in May 2024 by the Council of the EU. This directive makes it mandatory for large companies in the EU (as well as those with significant turnover in the EU) to address impacts on human rights and the environment in their operations and supply chains. The CSDDD should put living wages and responsible purchasing practices on the agenda of many large corporations. Given the expanse of the value chains of large corporations covered by the legislation, other companies both inside and outside the EU will inevitably be subject to HRDD assessments conducted by their corporate customers and clients (European Commission 2024).

A report jointly published by Business Fights Poverty, the University of Cambridge Institute for Sustainability Leadership and Shift (Barford et al. 2022) entitled *[The Case for Living Wages: How Paying Living Wages Improves Business Performance and Tackles Poverty](#)* reveals why paying a living wage contributes to the bottom line by strengthening business performance through greater

retention of institutional knowledge, resilience and sustainability, while creating measurable social impact and enabling businesses to more effectively deliver on human and labour rights obligations. The authors found that paying a living wage can result in:

- a more motivated and productive workforce, with lower staff turnover
- improved revenues and profits
- increased value-chain resilience and performance
- reputational benefits
- improved investor prospects; and
- readiness for future reporting requirements.

Accountancy and finance professionals should also pay heed to increasing attention being given by providers of capital, as well as collective industry action groups, to the living wage agenda. The Platform for Living Wage Financials⁶ represents an example from providers of capital pressing for action on living wages by portfolio companies (see [Box 2.1](#)). ACT on Living Wages represents an agreement between 20 global brands and IndustriALL Global Union to achieve living wages for workers in the textile and garment industry through collective bargaining linked to responsible sourcing practices.⁷ These global brands have committed themselves across all sourcing countries to changing purchasing practices that are impediments to progress towards living wages. Through binding agreements signed in May 2024, member brands commit to supporting collective bargaining agreements between suppliers and trade unions in Cambodia, recognising that wage movements towards a living wage require support from purchasing companies. The Roundtable for Sustainable Palm Oil (RSPO), which represents more than 5,000 members from across the value chain (producers, traders, buyers, financiers, etc.) is another such example. One of its criteria requires that the pay and conditions for staff and workers, as well as contract workers, meet that of legal and/or industry minimum standards and are sufficient for providing a ‘decent living wage’. The wages will be paid to all workers including those on piece rate/quotas, for whom the calculations will be based on achievable quotas during regular working hours (RSPO 2019).

ORGANISATIONS SHOULD ALSO REALISE THAT MAINTAINING STRICT WAGE DIFFERENTIALS WILL ONLY EXACERBATE THE ALREADY HUGE INEQUALITY THAT EXISTS TODAY.

⁶ Details of the Platform for Living Wage Financials can be found at <https://www.livingwage.nl/>

⁷ Details of ACT can be found at <https://actonlivingwages.com/>

Box 2.1: A perspective from Platform Living Wage Financials on the evolving role of providers of finance in promoting the payment of a living wage



Who we are

- The Platform Living Wage Financials is an alliance of 21 financial institutions, representing over €7 trillion of assets under management, that encourage and monitor investee companies to enable living wages and incomes in their global supply chains. By engaging on living wages and incomes, we honour our commitment to the United Nations Guiding Principles and OECD Guidelines for Multinational Enterprises, wherein financials are asked to act with due diligence and to identify and mitigate salient human rights risks.
- The collaborative investor initiative was born at a human rights conference in Geneva in 2016, with responsible investment specialists from ASN Bank, MN and Triodos Investment Management as founding members.
- The platform covers 33 garment and footwear brands and 22 food, agriculture and retail sector companies.

Engagement with portfolio entities

- The working groups aim to use a bespoke assessment methodology, based on specific pillars covering the transparency of living wage/income policies, how they engage with stakeholder initiatives and worker unions, efforts to assess the impact of non-payment of living wages/incomes, the integration of assessment findings and how they track the effectiveness of their programmes to culminate in remedy for workers.
- Each year we review the public disclosures and hold meetings with our investee companies to evaluate the effectiveness of programmes to enable living wages/incomes.

Challenges

- Assessments have highlighted the need for brands within the garment and footwear sectors to articulate the effectiveness of their living wage programmes. We see a need for better accountability and incentivisation to implement human rights programmes.
- The role of multi-stakeholder initiatives and trade unions seem under-utilised; improved wages and effective remedy for workers are probably best achieved collaboratively.
- Brands should be more vocal in their support of freedom of association and collective bargaining and proactively educate suppliers on these issues.
- To progress living wages, investee companies must improve transparency on the overall use of wage data and living wage benchmarks and report on wages as part of their overall ESG reporting. Our collective approach within the Platform is not to name and shame individual brands, but rather to help them improve their practices over time.
- In food, agriculture and retail, the development of living wage/income policies is mixed; European companies lead the way. The challenges highlighted above also apply to these companies. Setting out a timeline for paying living wages/incomes and reporting on the progress towards meeting those goals would give investors assurance.

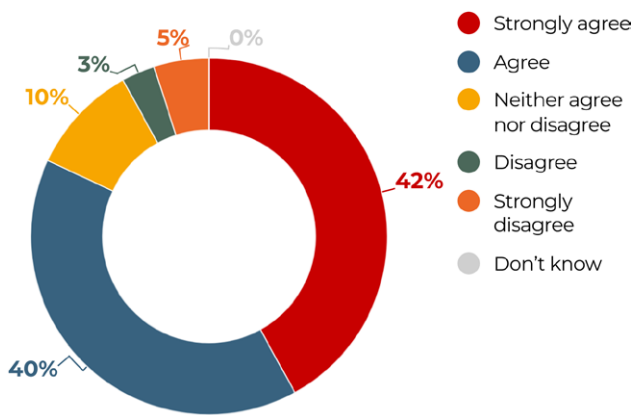
Next steps

- Increased transparency of company supply chains is an integral part in new legislations such as the CSDDD, the German Supply Chain Due Diligence Act (commonly known as LkSG) as well as the Corporate Sustainability Reporting Directive and the Uyghur Forced Labor Prevention Act (commonly known as UFLPA). Major economic blocks around the world have increased their focus on social issues.
- The investor community have adapted the flow of capital to combat climate change during the last 10 years. Utilising the approach of a trajectory based on reliable and quantifiable variables within the field of social issues leads us to the concept of living wages and living incomes as a great contender to be the next 'go to'-metric to track and focus on.

2.3 The link between a living wage and sustainability

Globally, more than 80% of respondents view the payment of a living wage as linked to the organisation’s sustainability goals (Figure 2.4). The social element within sustainability mandates has been gaining traction owing to various factors – including rising inequality, the movement advocating a just transition in tackling the climate crisis, ageing populations, and modern slavery regulations, as well as the plight of workers, customers and communities as they grapple with rising costs of living.

FIGURE 2.4: To what extent do you agree or disagree that the payment of a living wage supports the achievement of an organisation’s sustainability goals?



These findings augment ACCA’s earlier report, *Accounting for Society’s Values* (ACCA 2023a), where the social agenda (in sustainability) model proposes payment of a living wage – not just in an organisation’s own workforce but also throughout its value chain (Figure 2.5).

This overwhelming recognition by finance and accountancy professionals that a living wage is important to the achievement of sustainability goals is crucial. It makes a compelling case for living wages to now feature as part of sustainability-related conversations at board and senior management levels, and for People or Human Resources functions to make needed adjustments to remuneration levels as well as for those in supply chain management to push the living wage agenda further in their value chain.

The inextricable link between living wage and sustainability received a boost in September 2023 when the UN Global Compact (UNGC) launched its Forward Faster initiative. Living wages is one of the five critical areas on which its participating companies were invited to take bolder corporate action and set measures and targets (the other four being climate action; gender equality; water resilience; finance and investment).⁸ Specific targets relating to a living wage are:

- **Target 1** – 100% of employees across the organisation to earn a living wage by 2030, and
- **Target 2** – establish a joint action plan(s) with contractors, supply chain partners and other key stakeholders to work towards achieving living wages and/or living incomes, with measurable and time-bound milestones (UNGC nd).

FIGURE 2.5: Considerations for organisations in respect of human capital and human rights



Source: ACCA 2023a

8 Details of the Forward Faster initiative can be found at <https://forwardfaster.unglobalcompact.org/>

2.4 Significant factors that would progress the payment of a living wage

Of the three most significant factors, ranked by survey respondents, that would commit their organisations to paying a living wage, the highest factor was the link to sustainability – when organisational leadership see it as intrinsic to a sustainable operating model (60%), followed by leadership’s willingness to pay a living wage (56%) (Figure 2.6). As with the survey findings in [section 2.2](#) above on why a living wage is important, factors such as investor and customer pressure, demand from trade unions and employee representative groups, as well as legislative requirements, interestingly ranked relatively low.

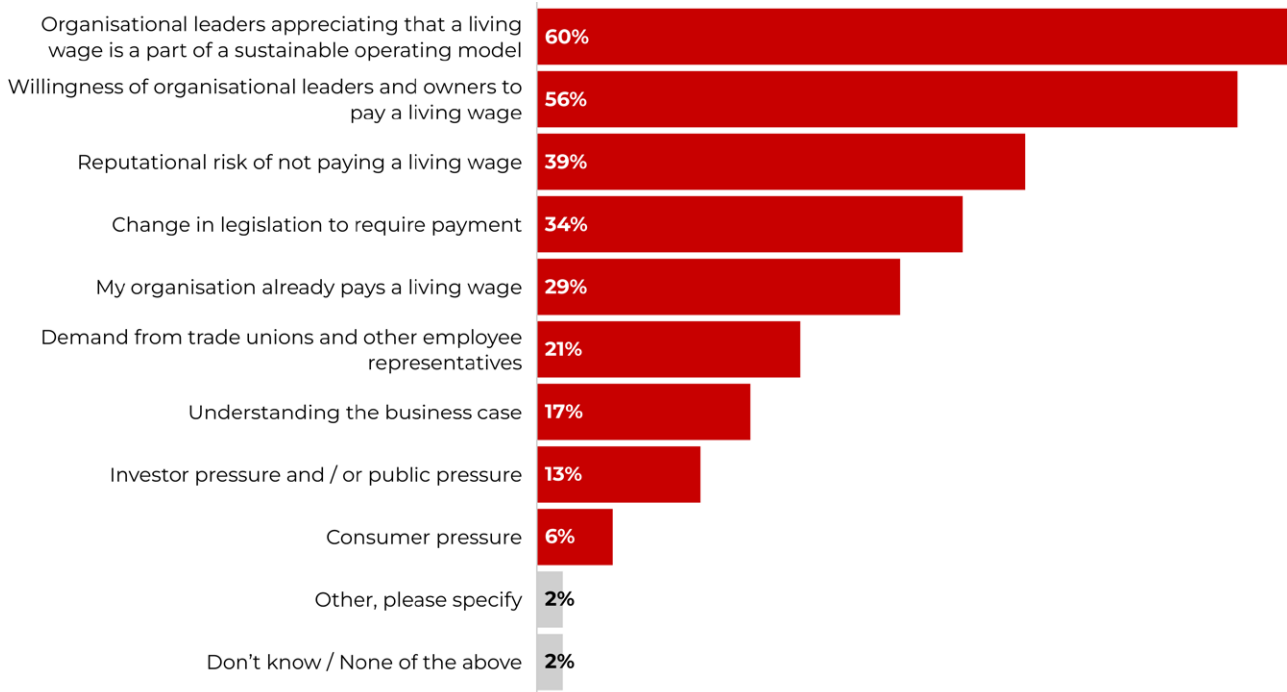
Several participants in our roundtable discussions raised concerns that some businesses, particularly SMEs, are facing challenging market conditions. Having to pay a living wage now, under such conditions, might result in business viability issues. Many of the survey respondents from SMEs did not share this view, however, with 87% supporting the importance of paying a living wage to their full workforce, including core contractors.

In the final analysis, as several of our roundtable participants concluded, *‘If a business is no longer viable simply from paying a living wage, then it does not have a sustainable business model’*. Business models with low margins that rely on paying below a living wage in order to be viable need to be critically redesigned on the basis of value to the eco-systems that they serve and on which they depend – people (customers, communities and workers) and planet (nature, biodiversity, etc).

‘IF A BUSINESS IS NO LONGER VIABLE SIMPLY FROM PAYING A LIVING WAGE, THEN IT DOES NOT HAVE A SUSTAINABLE BUSINESS MODEL.’

A COMMENT MADE BY SEVERAL ROUNDTABLE PARTICIPANTS

FIGURE 2.6: If your organisation were to commit to paying a living wage, what do you consider are the three most significant factors that would help to achieve that goal? (Percentage selecting in their top three)





3. Living wages as a socio-economic multiplier

3.1 The multiplier effect

Living wages have the potential to serve as a significant socio-economic multiplier that benefits workers, employers, economies and governments. Low wages put workers at greater risk of being forced to work even if they are unwell, or in poor physical conditions or in situations where occupational health and safety considerations are compromised. Low wages may also lead to children being forced to work to supplement their household income. In some respects, low wages effectively pass the ball from the corporate sector to the government subsidy programmes, which place additional stress on government finances and national debt levels.

According to the BCTI's analysis, 'over a billion working people worldwide (approximately one-third of all workers) earn less than they need to afford a decent standard of living, including sufficient food, water, housing, education, healthcare, transportation, clothing and other essential needs... and they include workers at some of the largest companies in the wealthiest countries in the world' (BCTI 2023) (see [section 2.1](#) above). By contrast, using the US as an example, 'top CEO compensation shot up 1,209.2% (cumulatively) from 1978–2022 compared with a 15.3% increase in a typical worker's compensation' (Bivens and Kandra 2023).



The socio-economic multiplier benefits from paying workers a living wage include the following, as summarised in Figure 3.1 and detailed in Table 3.1.













‘ONE-THIRD OF ALL WORKERS – EARN LESS THAN THEY NEED TO AFFORD A DECENT STANDARD OF LIVING.’

BCTI – TACKLING INEQUALITY: AN AGENDA FOR BUSINESS ACTION

FIGURE 3.1: Socio-economic multiplier benefits from a living wage



TABLE 3.1: Socio-economic multiplier benefits from a living wage – the details

	Allows workers and their households a decent and dignified life		Improves the resilience of value chains to worker-related disruptions, eg strikes, protests as well as high employee turnover
	Reduces occurrences of forced labour and child labour		Improves talent retention within the country, which not only lessens the ‘brain drain’ effect but also reduces the need to obtain workers from other countries. This in turn decreases repatriation of income by foreign workers, increases domestic spending, eases currency pressures and avoids confrontation with other countries over the treatment of their citizens as foreign workers
	Allows better access to nutritious food, education and healthcare for the family and especially for their children, which raises the prospect of improving intergenerational social mobility		Enables further education and skills building for workers, which enhances their income potential
	Promotes a more inspired, energised and productive workforce and improves talent retention		Reduces government spending on subsidy programmes to low-income households and better redistribution of taxation to fiscal policies that promote productivity, growth and investment
	Improves physical and mental health and wellbeing of workers and their families		Reduces inequality and improves social stability, which provides the bedrock for economic growth and business confidence
	At a macro level, it may lend to increased consumption spending and raising GDP. The BCTI estimates that a global living wage for all workers could generate an extra \$4.56 trillion in GDP (BCTI 2023)		Reduces bribery and corruption risks

The vast socio-economic multiplier effects of a living wage can also be seen in its many interconnections with the UN SDGs (Figure 3.2). As Shift and WBCSD presented in their

joint report, *The Human Rights Opportunity* (Blackwell 2018), a living wage directly or indirectly promotes achievement of 12 out of 17 SDGs.

FIGURE 3.2: Rights related to living wages and how they link to various SDGs

Shift



Source: Blackwell 2018: page 13



4. Role of finance and accountancy professionals in dealing with a living wage

4.1 Responsibility and accountability

From previous research that ACCA and BDO conducted in 2023, the role of the CFO is evolving to that of a chief value officer (CVO), acting as a strategic leader and adviser to the organisation (ACCA 2024b). Fundamentally, it focuses on generating long-term sustainable value for the organisation. People are a major driver of value for any organisation – one that needs to be protected and enhanced. Inequality and in-work poverty therefore have to be seen as a systemic risk that threatens long-term sustainable value. Paying a living wage is instrumental in addressing this risk and, as mentioned in [Chapter 3](#) above, provides numerous other socio-economic benefits to organisations, economies and societies.

A majority of survey respondents (53%) agree that accountancy and finance professionals have a shared responsibility for determining whether their organisation pays a living wage; while 43% said that they should be consulted in the process (Figure 4.1). This is significant acknowledgement of the vital roles that the profession should play.

4.2 Limited perspective in encouraging the payment of living wage in value chains

In terms of the scope of paying a living wage, most of the survey respondents stated that their organisation should pay a living wage to own its employees (cumulatively 86%) and contractors (cumulative 70%, including those who work less than 21 hours per week) (Figure 4.2).

FIGURE 4.1: What do you consider the role of an accountancy and finance professional to be, in determining whether an organisation pays a living wage? (Select all that apply)

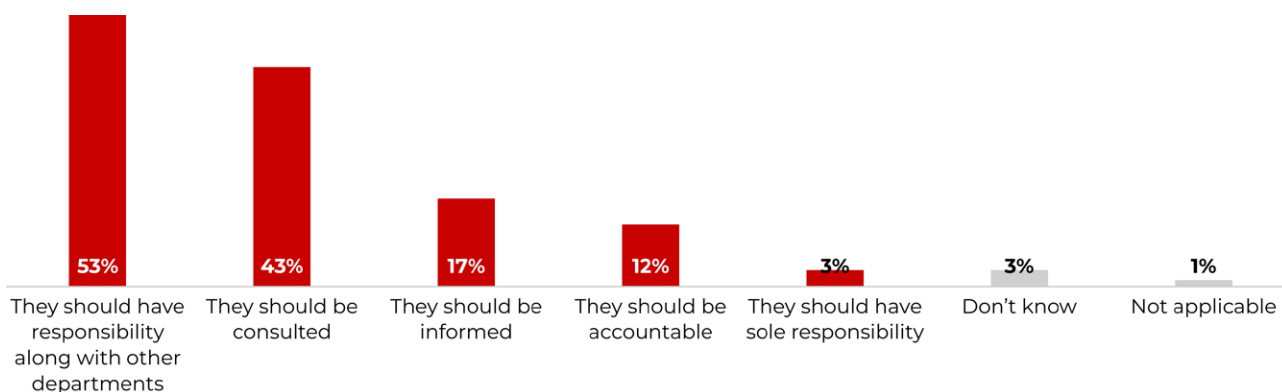


FIGURE 4.2: In your view, which one of these statements best describes to whom your organisation should pay a living wage?



Despite this, only a minority believe it is their organisation’s responsibility to encourage its suppliers to pay a living wage to their employees – with Tier 1 at **34%**, falling off considerably in Tier 2 (**15%**) and Tier 3 (**12%**) respectively (Figure 4.3).

As set out in [section 2.2](#) above, the UNGPs call on organisations to carry out HRDD to identify and prevent and account for how they address their adverse human rights impacts. This extends beyond the organisation’s own activities to include impacts connected to ‘operations, products or services by its business relationships’ (United Nations 2011) or, in other words, its value chain.

Finance and accountancy leaders therefore need to take greater responsibility in progressing the payment of a living wage, not just in their own organisation but throughout their value chains. The following approach serves as useful guide towards this (Figure 4.4).

- Support the redesign of business models to ensure that they address the interlinked dimensions of sustainability, towards long-term value. Challenge business models that are unable to afford a living wage.
- Understand and socialise the drivers for change and support the business case for, and the transition plan towards, paying a living wage (see [section 2.2](#)). This includes at board and senior management levels.
- Work with people or human resource functions to assess the gap in relation to a living wage within the organisation, using credible benchmarks and methodologies available. This includes calculating the costs of rehiring, retraining and productivity loss from not paying a living wage. Review the need for external expertise and integrity of data used in that process.
- Work with supply chain management teams to encourage suppliers in the value chain to pay a living wage, including by addressing any barriers in the organisation’s own purchasing practices.
- Measure and report on living wage progress.

FIGURE 4.3: Do you consider it is, or will be in the future, the responsibility of your organisation to encourage its suppliers in the following tiers to pay a living wage to their employees?

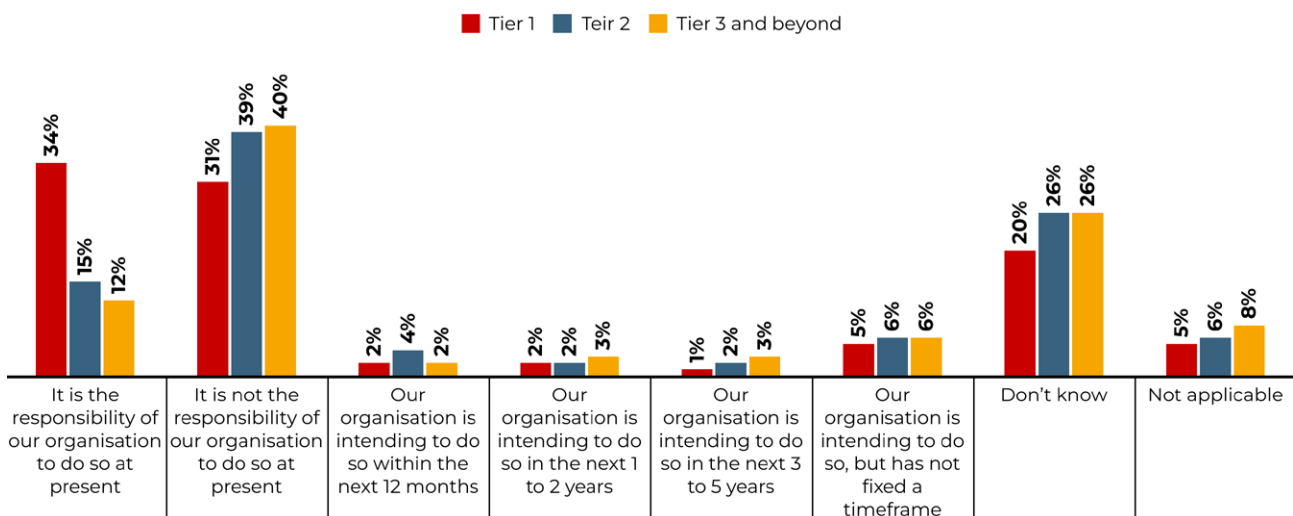
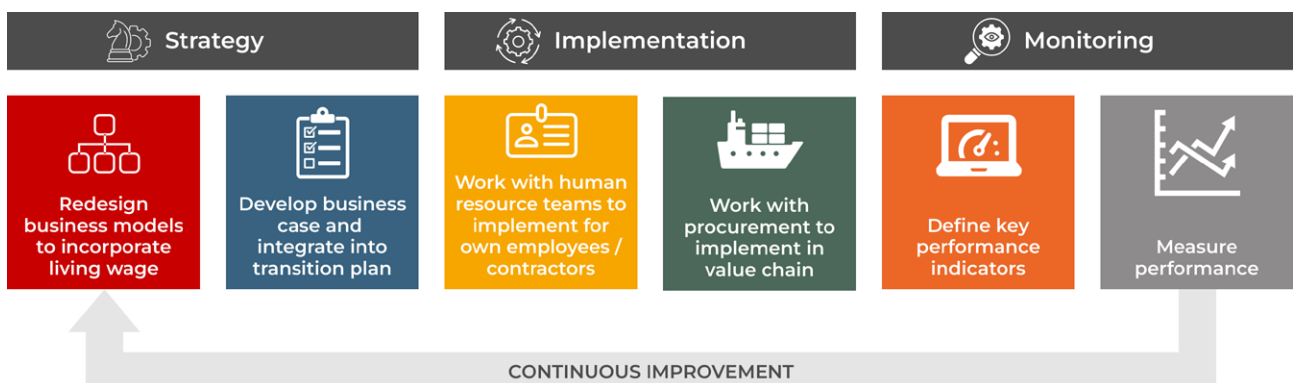


FIGURE 4.4: Role of finance leaders in implementing a living wage



Shift, together with the Capitals Coalition and Richard Karmel at Forvis Mazars, has developed guidance on living wage disclosures that standard setters can adopt, based on ISSB’s four-part framework of Governance; Strategy; Risk Management; and Targets and Metrics.⁹ For targets and metrics, they have developed a model of how to measure and report progress towards paying a living wage to employees, contractors and Tier 1 suppliers. The methodology enables companies to account for the Living Wage Deficit, which represents the percentage of workers whose wages fall below the local living wage, as well as how far they fall below it. Links to these documents can be found in [Appendix 2: Useful resources](#).

4.3 New approaches needed in corporate reporting on the value of people

CEOs and business leaders often describe people as a strategic asset and a source of enormous value generation. Despite this, as stated in the report [Accounting for a Living Wage: A Model to Measure Progress on Living Wages](#) (Shift 2023), current financial reporting standards or rules recognise in the generation of profit the workforce as a cost to the organisation. While there are exceptions to the financial accounting for the workforce, this depends on whether the workforce is contributing to the generation of an asset that fulfils the strict definition of one. *‘Therefore, in some instances, this may create a perverse incentive for organizations to minimize salaries and benefits in order to increase profits, ignoring the resulting harm to workers’ well-being and risks to longer-term enterprise value’* (Shift 2023). Further, organisational restructuring exercises occurring during economically challenging conditions or business downturns are subject to greater pressure to reduce headcount, which has an immediate and direct impact on increasing profitability.

The profession may need to explore new approaches to reporting the value of people in corporate reporting. This would contribute to strengthening business strategies, as it reflects the interconnected dimensions of sustainability.

In this regard, it is important to note developments brought about by the European Sustainability Reporting Standards (ESRS) *Social (S1): Own Workforce* (Official Journal of the European Union 2023), which is effective from 1 January 2025.¹⁰ It uses the concept of the adequate wage, which is defined as *‘a wage that provides for the satisfaction of the needs of the worker and his/her family in light of national economic and social conditions’* (similar to a living wage) and has a disclosure requirement relating to it (S1-10 – Adequate wages): *‘The undertaking shall disclose whether or not all workers in its own workforce are paid an adequate wage, in line with applicable benchmarks. And if not, which type of workers do not receive an adequate wage and what percentage of its own workforce is paid below the adequate wage.’*

The ISSB announced in June 2024 the new research projects that will be added to its 2024–2026 work plan. One of the projects relates to the risks and opportunities associated with human capital (IFRS 2024). Given the material opportunities that come with paying a living wage and the risks associated with paying below a living wage, not least the system-level risks associated with today’s extreme levels of income inequality, we would suggest that there is a compelling case for the ISSB to include living wages as part of its human capital project.

Despite the time it will take to develop human capital standards, it is important to appreciate that the Integrated Reporting <IR> Framework, now owned and overseen by the IFRS Foundation, calls for consideration and communication of all the resources that support creating value. In this regard, the workforce or human capital is one of the six capitals in the <IR> Framework, and often enables benefits to be derived from the other capitals.

Clearly then, the issue of a living wage is getting the attention of standard-setters and the profession should stay abreast of such developments and understand how it impacts their own organisations.

THE PROFESSION MAY NEED TO EXPLORE NEW APPROACHES TO REPORTING THE VALUE OF PEOPLE IN CORPORATE REPORTING. THIS WOULD CONTRIBUTE TO STRENGTHENING BUSINESS STRATEGIES, AS IT REFLECTS THE INTERCONNECTED DIMENSIONS OF SUSTAINABILITY.

⁹ The tool and associated reference materials can be accessed at <https://shiftproject.org/resource/living-wage-accounting-model-and-progress-tool/>

¹⁰ Details of the implementation timelines for CSRD can be found in Thierry and Mason (2023) and the impact on non-EU groups and their EU subsidiaries can be found in Fiard et al. 2023.



Appendix 1: Survey demographics

1,152 finance and business professionals from 93 countries:

FIGURE A1: Respondents by geographic region

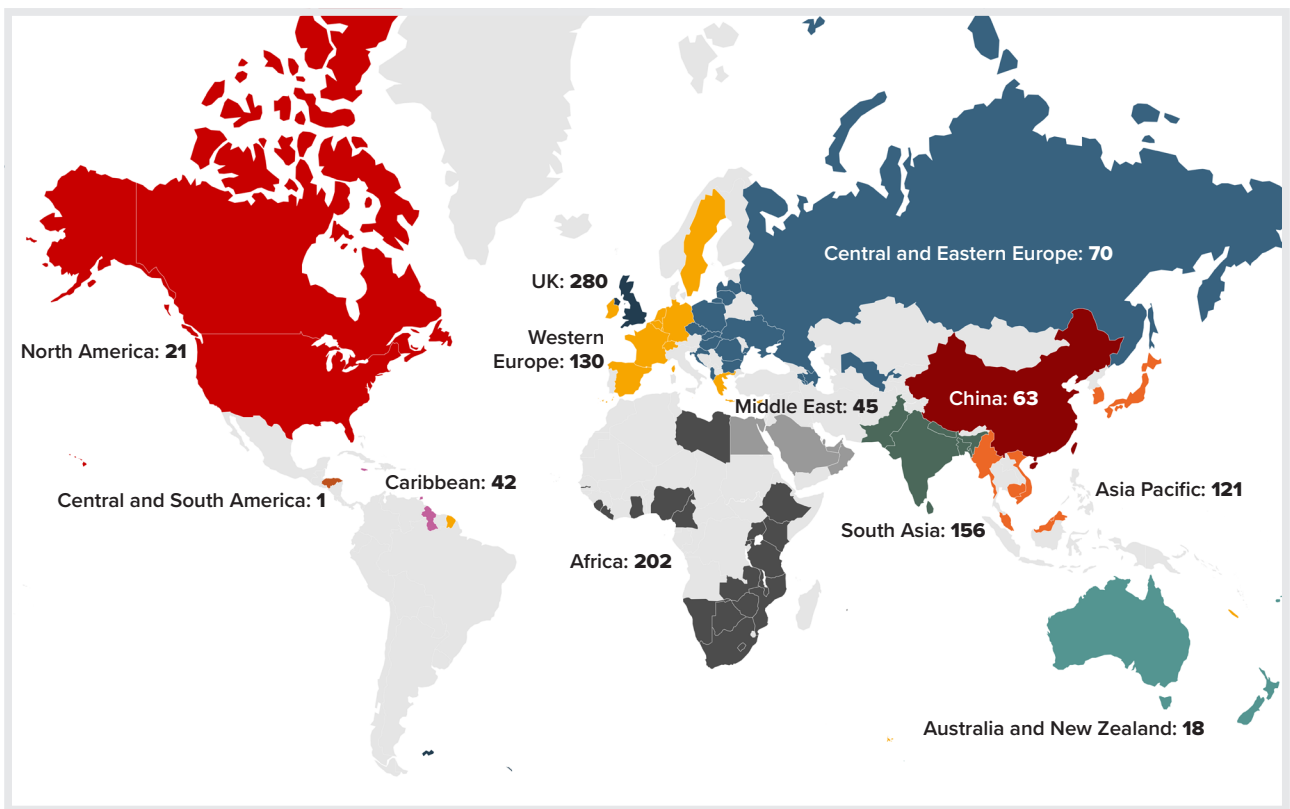


FIGURE A2: Respondents by size of organisation

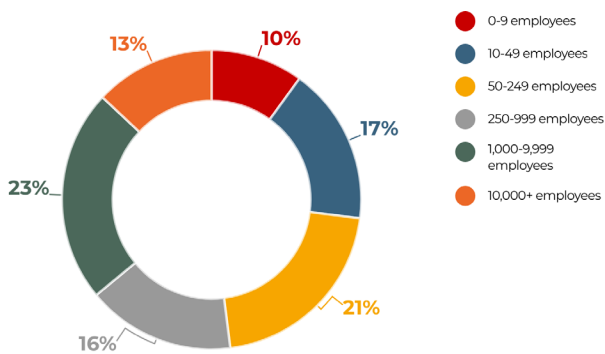
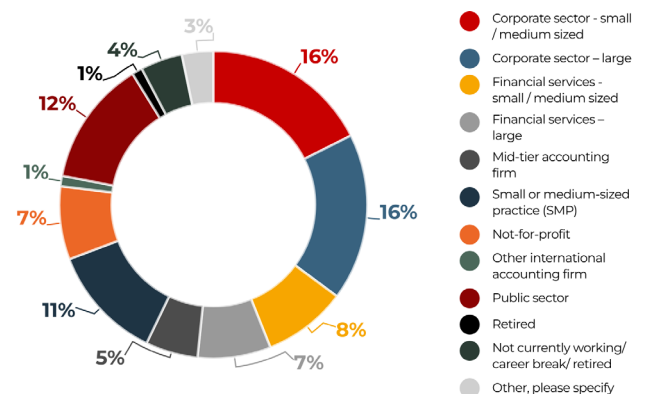


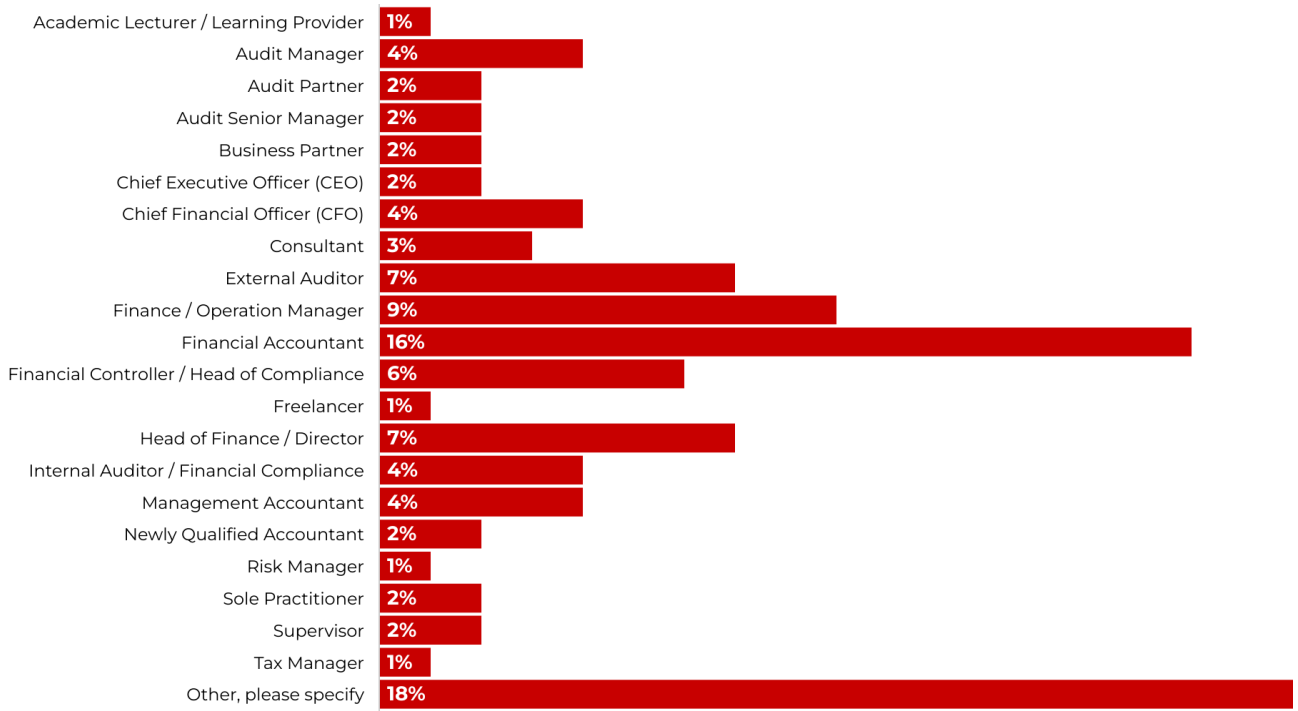
FIGURE A3: Respondents by sector



Among our respondents, **13%** were CEOs, CFOs and heads of finance or company directors: a sizeable proportion, who provided valuable insight from top management (Figure A4).

General caveat: in interpreting the survey results included in this report, it is important to appreciate that surveys may attract most participation from those who are more naturally interested in a particular subject.

FIGURE A4: Respondents by their current role



Appendix 2:

Useful resources

1. [UN Guiding Principles on Business and Human Rights](#)

2. [‘Corporate sustainability due diligence’](#)
European Commission

3. **Living wage methodologies and frameworks**

The list of methodologies and approaches to calculating a living wage set out below are provided as useful reference only. They are not endorsed by ACCA, Shift or Forvis Mazars as ‘gold standard’ and they are not the only frameworks available. Individuals or organisations who are planning to pay a living wage should perform their own assessment of the relevant methodology on which to base their calculations.

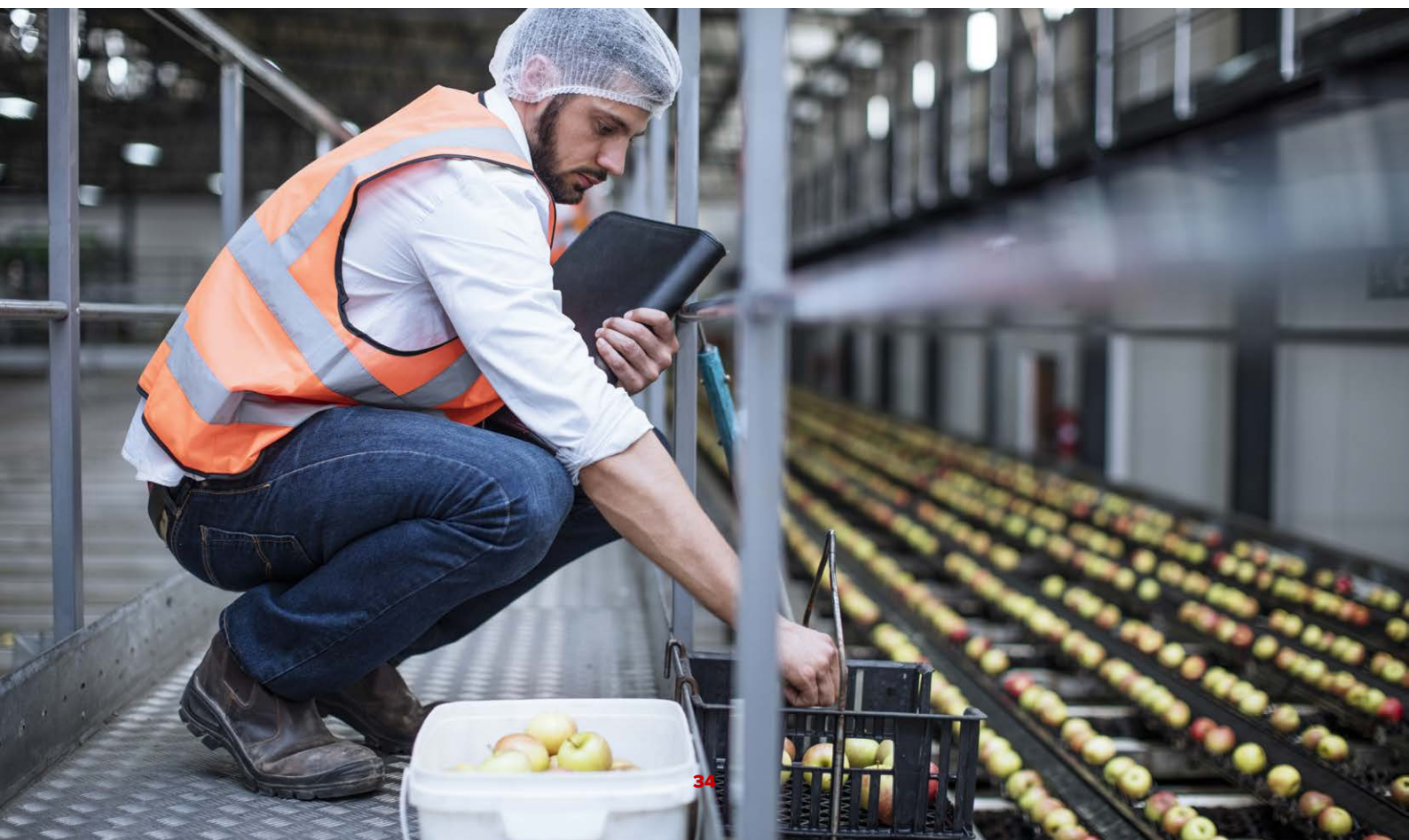
a) [WageIndicator Methodology](#)

b) [The Anker Methodology](#), which is used by the Global Living Wage Coalition

c) [Fair Wage Network Methodology](#)

4. [The Accounting for a Living Wage Model](#), developed by Shift, the Capitals Coalition and Richard Karmel at Forvis Mazars, provides a straightforward way for companies to identify where there may be living wage deficits in their own operations and first-tier supply chains, and to reflect their progress towards achieving living wages in public reporting. The disclosures contained in the Model are ready to be adopted by sustainability standard setters to ensure that companies provide meaningful, comparable information.

Companies wishing to use the Model to account for and report on their living wage progress can download a customisable Living Wage Progress Tool that performs all the necessary calculations using wage and related data entered by companies as well as a set of accompanying Statements of Methodology that provide the context in which these indicators should be understood. The Model also provides companies with a set of estimates on the erosion of human capital that results from paying below living wages.



Acknowledgements

The contributions of the following individuals in the development of this research are noted with thanks.

Adefisayo Adefarakan, MNP, Canada

Alia Saleh, ISG, Dubai

Anand Kumar Pandey, Actavo, Ireland

Anisur Choudury, Echotex Ltd, Bangladesh

Arsalan Naveed, PKF AlBassam&Co, Saudi Arabia

Brendan Sheehan, White Squires, Australia

Bright Amisi, Solenta Aviation (Pty) Ltd, South Africa

Cathal Cusack, Cusack & Co, Ireland

Charity Katotobwe, Lunga – Kwesu Consulting (Pty) Ltd., South Africa

Datuk Tong Poh Keow, Sunway Berhad, Malaysia

Donna Peerless, Parkdean Resorts UK Limited, UK

Emmanuel Ogonnaya, Britannia U Nigeria Limited, Nigeria

Esther An, City Developments Limited, Singapore

Greg Powell, Fifth Ridge Ventures, Canada

Heather Smith, ANISE Consulting

Ian Ng, AMMEGA, China

Jalaluddin Nezami, Alter Domus, Ireland

Jeffrey Lewis, Taylor Leibow Inc. Licensed Insolvency Trustee, Canada

Jennifer Nolan, Zurich Insurance, Ireland

Jessica Caldecott, Acorn Life DAC, Ireland

Professor Joan Ballantine, Ulster University, UK

Lim Fen Nee, Plus Malaysia Berhad, Malaysia

Måns Carlsson OAM, Ausbil Investment Management Limited

Mariam Riza, Victoria State Government, Australia

Matloob Ilahi, Toronto School of Management, Canada

Melanie Proffitt, Farncombe Estate, UK

Mohamed Irshad, Schneider Electric, Canada

Mohammed Kamruzzaman, Robintex (Bangladesh) Ltd., Bangladesh

Nic Chambers, Michael Page Malaysia, Malaysia

Nicoleta Stefanescu, Hertz, Ireland

Nike Bello, Compass Accounting Winnipeg CPA Accountants, Canada

Olivia Smith, Obelisk, Ireland

Oxana Losevskaya, SLPARTNERS, Dubai

Paul Connellan, Deloitte, Ireland

Prudence Muchinouta, Zambia

Sarah Whale, Profit Impact, UK

Shane Costello, Tetrarch Residential Limited, Ireland

Sharifa Nafisa, HMS Assurance, Singapore

Sharon Critchlow, Discover Your Bounce for Business, UK

Professor Shelley Marshall, RMIT Business and Human Rights Centre, RMIT University, Australia

Sue Ann Charlery-Payne, Local Chapter of ACCA Members, St Lucia

Susan Allan, Willerby Ltd., UK

Susiku I. Nasinda, Rural Electrification Authority, Zambia

Associate Professor Terence Jeyaretnam, Monash University, Australia

Tracy Marshall, EY, Barbados

William Tan, Tiong Woon Corporation Holding Ltd, Singapore

Yinka Ayeni, 2–10 Home Buyers Warranty, United States

Yvonne Soglo, National Treasury of South Africa, South Africa

Authors

Caroline Rees, President and Co-Founder, Shift Project Limited

Clive Webb, Head of Business Management, ACCA

Jenny Holdcroft, Deputy Director Business Engagement, Shift Project Limited

Richard Karmel, Managing Partner – London, Forvis Mazars United Kingdom

Sharath Martin, Senior Policy & Insights Consultant, ACCA Asia Pacific

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