

## Brief Note

### Aligning terminology: from Decent Living Wage to Living Wage

#### 1. Objective

In this note/paper the Secretariat proposes replacing the terminology of a Decent Living Wage with “Living Wage” in order to make the RSPO’s use of terminology aligned with other relevant actors that are working in sustainability initiatives especially on wage/income level that allows individuals or families to afford adequate shelter, food, and other necessities and prevent them from falling into poverty.

This will be done without lowering the RSPO’s standard. The rationale of the proposal with brief background information is presented below. We look forward to DLW-TF feedback on the matter.

#### 2. Background

The RSPO’s P&C 2018 defines Decent Living Wage as:

*‘The remuneration received by a worker, for work performed on regular hours, in a particular place sufficient to afford a decent standard of living for the worker and her or his family’*

This definition is adopted from the Global Living Wage Coalition (GLWC) which uses the terminology, Living Wage. The RSPO uses a slightly different terminology i.e., Decent Living Wage.

The term “Decent Living Wage” was introduced into the RSPO Principles and Criteria since its first ever iteration in 2005, which was later on finalized after field testing in the 2007 version<sup>1</sup>. The term was introduced by the social NGO membership, notably by then member, Tenaganita. The term was used largely in reference to the notion that wages needed to be sufficient to provide “decent living conditions”. Only in 2018, RSPO defined ‘Decent Living Wage’ adopting the definition used for ‘Living Wage’. More work has been done on Living Wage and its use is becoming more known to key sustainability organisations. RSPO believes it needs to align with the global movements because RSPO’s application of different terminology for the same definition potentially creates (already started) confusion and misalignment at a broader level.

**Historical Perspectives:** The concept of ‘living wage’ has been around for a long time. The history of ILO shows that a living wage was one of the key issues raised since its inception in 1919 and has been part of the principles and objectives of the ILO. According to the historical records, different terminologies were used in the prominent Conferences held in 1919, 1944, and 2008, namely, ‘an adequate living wage’ in the former and ‘minimum living wage’ in the latter two, and sometimes a term ‘minimum

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<sup>1</sup> <https://www.rspo.org/file/RSPO%20Principles%20&%20Criteria%20Document.pdf>

wage' used across the board.<sup>2</sup> Although the ILO has never officially clarified the terminological ambiguities, its own scholars such as Emmanuel Reynaud concluded all three terminologies were historically equivalent in terms of meaning and substance. The ILO also has not succeeded to provide a clear definition and methodology for estimating living wage and one of the key reasons for this is lack of reaching consensus among its constituents. It is noteworthy that this appears to be changing.<sup>3</sup>

The minimum wage fixing machinery which the ILO provided has led most countries in the world to setting a national and/or subnational minimum wage. However, setting a minimum wage hasn't been adequate to curb the problems of low wages, and hence over 630 million workers are unable to make ends meet and live in poverty<sup>4</sup>. This reality has led to a renewed interest in a living wage and many actors such as multinational corporations, non-profit organizations, governments started taking action to fill the role left unfulfilled by the ILO. Thanks to those efforts, presently, a living wage seems to become mainstream and the body politic around the world.

### 3. Living wage as common terminology:

One of the prominent works in this field is the collaborative research conducted by Standard bodies (Fairtrade International, FSC, GoodWeave, Rainforest Alliance, Social Accountability International, Sustainable Agriculture Network, UTZ Certified, and the ISEAL Alliance) and scholars such as Richard Anker, Martha Anker and others that joined their separate efforts since 2014. This collaboration has evolved today into Global Living Wage Coalition (GLWC) and Anker Research Institute (ARI). Based on years of extensive research, the GLWC & ARI collaboration has enormously contributed to demystifying the issue of a 'living wage' by developing a clearer definition and a methodology to measure it in an internationally comparable manner. This definition of 'living wage' is widely accepted among sustainability initiatives and beyond the pioneer organizations and the Anker methodology is considered by and large as the gold methodology so far.

In addition to the above listed Standard bodies and the ISEAL Alliance, the definition is also used by United Nations Global Compact: Business and Human Rights navigator, Initiative for Sustainable Trade (IDH), Bonsucro, Fair Trade USA, Fair Labour Association, and so on. The ILO also uses the term 'Living Wage' in its recent mandate: 'to undertake research on definitions and estimations of living wages...'<sup>5</sup>

As mentioned earlier, the RSPO also adopted the same definition and methodology but applied a different terminology. Therefore, the Secretariat proposes to align the

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<sup>2</sup>Reynaud, Emmanuel. 2017. *The International Labour Organization and the Living Wage : a Historical Perspective*. Geneva: ILO.

<sup>3</sup>In June 2022, the ILO seems to find consensus and start breaking a long-standing deadlock. Agreements reached to "undertake research on definitions and estimations of living wages, in order to contribute to a better understanding of what "living wages" actually means at the international level. The Office will also provide support to Member States, at their request" <https://www.ilo.org/ilc/ILCSessions/110/committees/employment/lang--en/index.htm>

<sup>4</sup>INTERNATIONAL LABOUR OFFICE. (2020). *Global Wage Report 2020-21: Wages and minimum wages in the time of COVID-19*. International Labour Office.

Barford, A., Gilbert, R., Beales, A., Zorila, M., & Nelson, J. 2022. *The case for living wages: How paying living wages improves business performance and tackles poverty*. Business Fights Poverty, University of Cambridge Institute for Sustainability Leadership & Shift.

<sup>5</sup>Outcomes of the work of the Recurrent Discussion Committee: Employment. International Labour Conference – 110th Session, 2022. <https://www.ilo.org/ilc/ILCSessions/110/committees/employment/lang--en/index.htm>



RSPO with the rest of the industry players and avoid confusion by using the terminology 'Living Wage' instead of 'Decent Living Wage' moving forward. It is important to reiterate and emphasize that the revised terminology does not lower the RSPO's Standard as it will continue using the same definition and the same methodology to measure it. The RSPO will take steps to socialize and communicate this.