

# Responsible Living Wage Standard (RLWS)

## Scheme Rules



Developed and owned by:  
Peterson Solutions

Authors:  
Tamara Reygers &  
Nicole Whittingslow

# Executive Summary

The Responsible Living Wage Standard (RLWS) provides a structured, auditable framework to assess whether companies meet their responsibility to ensure workers receive a living wage. Developed by Peterson Solutions, the RLWS is aligned with international human rights instruments, including the ILO Conventions 95 and 131, the UN Guiding Principles on Business and Human Rights (UNGPs), and the OECD Due Diligence Guidance for Responsible Business Conduct.

The standard defines a living wage as a wage sufficient to afford a decent standard of living for workers and their dependents, based on any of the IDH-endorsed benchmarking methodologies ([www.IDH.org](http://www.IDH.org)). It is designed to apply to companies of varying sizes and supply chain complexities, and it is particularly suitable for multinational organisations seeking to demonstrate meaningful progress toward wage justice.

The RLWS combines two core components:

- 1. Management Systems Assessment**

Evaluates how well the company integrates living wage commitments into its policies, processes, and controls — using ISO 9001 principles to ensure systems are accountable, data-driven, and improvement-oriented.

- 2. RLWS Compliance Checklist**

Measures a company's fulfilment of both **Essential** and **Advanced** wage criteria across eleven thematic areas, including wage benchmarking, working hours, payment cycles, grievance mechanisms, and corrective action planning.

The audit methodology includes document reviews, management and worker interviews, site observation, and verification against regionally benchmarked living wage thresholds. Findings are categorised into Non-compliances (NCs), good practices, and Collaborative Action Required (CAR), where systemic change is needed beyond the facility level.

Facilities/companies are classified into three verification levels based on the outcome of the audit:

- **“Certified Living Wage Provider”** – All workers earn a verified living wage, and all core criteria are met.
- **“On Track to be a Living Wage Provider”** – A credible roadmap is in place with partial compliance.
- **“On Improvement Pathway to become a Living Wage Provider”**- Facility shows commitment and progress; a follow-up audit is required.

Facilities/companies that achieved the Certified Living Wage Employer level through a third-party certification body audit may use the claim off-product, in business-to-consumer communication.

The RLWS aims to support continuous improvement, credible disclosure, and leadership in fair wage practices. It is currently undergoing stakeholder feedback and is available for pilot implementation with strategic partners committed to advancing living wage outcomes in global value chains.

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# Glossary of key terms

- ❖ **Allowances:** An amount of money generally provided to workers by the organisation, added to their basic salary to cover specific expenses.
- ❖ **Base wage:** The fixed compensation for normal hours of work that an employee receives on a regular basis, which excludes bonuses (unless explicitly allowed), commissions, overtime, in-kind benefits (unless explicitly allowed), and per diems or travel allowances (unless explicitly allowed)<sup>1</sup>.
  - The base wage used for the purposes of this standard must be “gross” from the employee’s perspective. In other words, it must include the taxes and social contributions to be paid by the employee. It must exclude the employer’s contributions to workers’ social security and workers’ income taxes.
- ❖ **Bonuses:** Any monetary payment made to a worker in addition to the agreed base wage, which is not guaranteed as part of the regular contractual remuneration, and is linked to the performance, productivity, attendance, tenure, company results, or other discretionary or conditional factors<sup>2</sup>.
- ❖ **Contract / contracted or agency worker:** According to the International Labour Organisation’s Convention No. 181, work performed by a person who:
  - Provides services to a user enterprise, but is not employed directly by that enterprise under a contract of employment;
  - Works under conditions of dependency and subordination similar to employment as defined by national law, despite the absence of formal employment contract with the user enterprise<sup>3</sup>.
- ❖ **Facility:** the company, a legal entity, or a part (location, factory, outlet, site or group of sites) of the company that applies for verifications, operates the management system for assuring living wage for the workers, undergo the audits, receives the RLWS certificate and entitled to use the claim and the certification mark.
- ❖ **High-risk payment methods / practices:** Payment methods or practices that materially increase the likelihood of non-payment, underpayment, undue deductions, coercion, loss of worker autonomy, or lack of traceability and/or recourse. The following inexhaustive list are classified as high-risk payment methods: excessive or improper in-kind payments, excessive working hours to meet at least the statutory minimum wage, delayed or irregular payments, coercive deductions, indirect payment via third parties or accounts the worker

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<sup>1</sup> Refer to Annex 2 for guidance on how to carry out a living wage gap analysis.

<sup>2</sup> Refer to Annex 2 for what bonuses can and cannot be included when carrying out a living wage gap analysis.

<sup>3</sup> “Private Employment Agencies Convention, (No. 181)”, adopted June 1998, International Labour Organisation.

cannot control, digital-based payments that lack transparency, and recruitment-cost recovery through wages.

- ❖ **In-kind benefits:** Non-monetary benefits, such as goods or services, provided to workers by the organisation in addition to their base wage. These benefits are provided regularly as part of the employment relationship and are not one-off gifts or discretionary perks.
- ❖ **Living wage estimate:** A figure that represents what a living wage is in a particular location at a particular time. Any IDH-recognised benchmarking methodologies are accepted, or a benchmark that is calculated following the ILO's principles of estimating the living wage<sup>4</sup>.
- ❖ **Living wage gap:** The difference between a worker's base wage and the relevant living wage estimate or benchmark.
- ❖ **Living wage:** According to the International Labour Organisation's Governing Body, the concept of a living wage is:
  - The wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country's circumstances and calculated for the work performed during the normal hours of work;
  - calculated following the ILO's principles of estimating the living wage;
  - to be achieved through the wage-setting process in line with ILO principles on wage setting<sup>5</sup>.
- ❖ **Site:** the "site" refers to any physical location, virtual, or operational unit or setting where a defined group of workers performs work or is based. This includes, but is not limited to, production sites, farms, retail shops, distribution centres, office spaces, transportation routes (e.g., for truck drivers), or other field-based or mobile workplaces. A site may be fixed or mobile, centralised or dispersed, physical or virtual<sup>6</sup>, as long as the workers associated with it can be collectively assessed for the purposes of this certification.
- ❖ **Vulnerable workers:** Workers for whom employment is precarious, poorly paid and sometimes dangerous, and who often suffer from some form of discrimination. Examples can include informal, migrant, contract, home-based, and agency workers.
  - **Informal workers:** Workers employed in jobs that, in law or practice, are not subject to national labour legislation, social protection schemes, or recognised employment contracts. They often lack social security benefits, representation, job security, or stable income, and are concentrated in vulnerable sectors.

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<sup>4</sup> Refer to Annex 5 for guidance on which living wage estimate an organisation must use to ensure that their living wage analysis is accurate and credible.

<sup>5</sup> Report of the Meeting of Experts on wage policies, including living wages, Geneva, International Labour Organisation, 2024.

<sup>6</sup> Workers who are employed through a virtual site will be subject to a living wage gap analysis using the location where they reside.

- **Migrant workers:** Individuals engaged in remunerated work in a state or region where they are not a national or resident, including both international and internal migrants. They often face barriers such as language, legal status, limited access to protection, and heightened risk of discrimination or exploitation.
- **Contract or agency workers:** See page 5 for definition.
- **Home-based workers:** Workers who perform paid work from their place of residence or nearby, supplying goods or services to local, domestic, or global markets, typically outside formal production facilities. These workers are often women and operate informally. They lack recognition, social protection, and frequently face isolation and precarious incomes.
- ❖ **Worker:** Any person who performs work, whether under an employment relationship or in other forms of work, irrespective of their legal or contractual classification, and regardless of whether they are paid in cash, in kind, or on another agreed basis. Includes self-employed workers, interns, trainees, apprentices, direct workers, and all the terms under “vulnerable workers”, among others.

# Abbreviations

RLWS	Responsible Living Wage Standard
CB	Certification Body
CAP	Corrective Action Plan
ILO	International Labour Organisation
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
NN	Non-Negotiable
LWP	Living Wage Pay
E	Essential Living wage criteria
A	Advanced Living wage criteria

# 1. Introduction

In today's rapidly evolving labour and socioeconomic landscape, the need for a robust global living wage standard has never been more urgent. As global supply chains become increasingly complex and the cost of living continues to rise, workers across the globe—and particularly in low-wage industries—struggle to meet their basic needs despite being formally employed. The EU Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD) and several other initiatives evidence the growing concern of regulatory bodies in ensuring adequate wages throughout global supply chains. In this context, the Responsible Living Wage Standard (RLWS) offers a practical and credible path forward.

This standard is designed to verify that companies/facilities are paying workers a total remuneration that meets their basic needs and provides a decent standard of living as defined by the International Labour Organisation (ILO)<sup>7</sup>, covering essentials such as food, housing, healthcare, education, clothing, water, communication, childcare, housing appliances, and transportation, along with a modest margin for unforeseen expenses. By focusing on company/facility-level implementation, the standard ensures that living wages are not just aspirational targets but verifiable realities that can be measured, audited, and improved over time. It serves as a practical framework that accommodates companies/facilities at different stages of their living wage journey. The standard also seeks to engage stakeholders across the global supply chain and support their progress toward meaningful, long-term commitments. Ultimately, the standard aims to contribute to a more resilient, equitable, and sustainable global supply chain, where fair compensation is not a privilege but a guaranteed right.

The RLWS consists of the following set of normative documents:

- 1. The RLWS Scheme Rules**

This document will provide clear instructions for the auditor on how to perform a Living Wage audit. In this document, the auditor will find a comprehensive overview of the Living Wage methodology and how it should be applied in an audit. This document outlines the conduct that the Standard expects the auditor to follow and adhere to when undertaking an RLWS social audit.

- 2. The RLWS Checklist**

The checklist is used by certification body auditors.

- 3. The RLWS Requirements**

List the requirements the applicant facility must fulfil.

The third-party certification audits are performed by Control Union Certification or any other party commissioned by Control Union Certification.

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<sup>7</sup> Report of the Meeting of Experts on wage policies, including living wages, Geneva, International Labour Organisation, 2024.

The RLWS standard may be used in any industry/sector (e.g. agriculture, food, textile, or the mining industry) and in any country. Legal limitations may exist where a country is put on the EU sanction list; therefore Control Union or Peterson Solutions is banned from performing any business activity<sup>8</sup>. Further limitations may exist where Control Union or Peterson Solution decides that a credible RLWS audit cannot be performed due to political instability, the security situation or a natural disaster.

❖ **The scope of RLWS includes:**

- **Product scope (product list):** Any kind of product that is legally produced and traded may be included.
- **Location scope:** all or only selected locations where the organisation has workers under its payroll may be included (territorial restriction may apply).
- **Activity scope:** the production, trading, and logistics related to the chosen entity, product range, or consumer brand may be included.

The certificate shall include the scope description as the product or range of products, the sites (including different countries if applicable) where the product is manufactured/stored/traded and the related activity (see Section 6: RLWS Trademark).

The RLWS is based on the payment of the “living wage” estimate, to be distinguished from “living income” and “living tariff” as per Table 1.

❖ **Table 1: Key differences between living wage, living income and living tariff**

Aspect	Living Wage	Living Income	Living Tariff
Applies to:	Employees	Farmers, small holders and family businesses	Platform workers and self-employed professionals
Pay period it is calculated for:	Month/year	Month/year	Hour
Social security included:	Contributions to be paid by the employee	Contributions to be paid by the employee and the employer	Contributions to be paid by the employee and the employer
Number of earners per family:	Varies per country, depending on the labour participation rate, the unemployment rate and the	One	Varies per country, depending on the labour participation rate, the unemployment rate and

<sup>8</sup> [https://www.eeas.europa.eu/eeas/european-union-sanctions\\_en](https://www.eeas.europa.eu/eeas/european-union-sanctions_en)

	part-time employment rate. It assumes that the other earner gets a portion of the Living Wage.		the part-time employment rate. It assumes that the other earner gets a portion of the Living Wage.
Additional occupational items and extra time for training, administration and other activities:	No	No	Yes

Source: WageIndicator Living Wage, Living Income, Living Tariff database, 2024.

## 2. Pre-Audit Scope Assessment

The Responsible Living Wage Standard employs a structured, risk-based audit sequence to ensure credibility, promote continuous improvement, and maintain long-term assurance. Each stage has a distinct objective and format, aligned with global social auditing practices.

### 2.1 Application for an Audit

To initiate the certification process, the applicant facility or company must formally apply to Control Union Certification (CUC). The applicant is required to provide all necessary information, accept the certification offer, and enter into a contractual agreement with CUC. The audit can be requested and funded by various entities, including the facility/company itself, a buying company, a supplier, the employment site itself, or any other party with a legitimate interest in the site's performance regarding responsible business practices.

### 2.2 Audit Scope

Prior to the initial audit, the applicant must define the intended scope of certification and communicate the following details to the certification body:

1. A complete list of countries and site locations to be included in the scope, which will define the risk levels (as per the risk assessment)
2. The number of workers per site and the total number of workers covered by the application
3. A description of the product(s) or product range included in the certification
4. Identification of the specific sites where products are manufactured, stored, or traded
5. The related activities to be audited (e.g., production, logistics, distribution)
6. If the scope includes multiple countries, products, sites or activities, a supply chain mapping is required to establish a robust audit plan

Any changes to the scope—such as the addition or removal of a site, country, or activity—must be communicated to CUC without undue delay.

#### 2.2.1 Risk assessment

A risk assessment of the site list submitted by the applicant shall be carried out to determine if the site groupings are classified as high, medium or low risk. This assessment is based on the percentage of the living wage met by the lowest base wage at each site (see Table 2: Risk classification per site). The certification body shall also be able to adjust the risk classification based on the results of the previous audit.

For example, the likelihood of detecting non-compliance with providing the applicable living wage to the workers at the given site.

❖ **Table 2: Risk classification per site**

Risk classification	% of living wage met by lowest base wage at site	Audit type	Worker engagement	Record-keeping by the site
Low	> 100%	Remote audit required	Not required	Base wage (no additional benefits required)
Medium	70% - 100%	Remote audit required, or on-site audit (at the discretion of the certification body)	Required	Wages, bonuses, in-kind benefits
High	< 70%	On-site audit required	Required	Wages, bonuses, in-kind benefits

The table (reproduced again in Section 2.2.8 for multi-site organisations) represents the risk classification of the site based on comparing the lowest base wage paid at that site to the living wage benchmark.

## 2.2.2 Application Structure Options

Applicants may choose one of the following configurations when applying for certification:

1. Single legal entity with a single site
  - The certificate will include the site’s address. If the site is not a standalone legal entity, the name and address of the parent entity will also be listed.
2. Single site within a larger legal entity
  - Similar to option 1, but the site is part of a broader corporate structure. The certificate will still reference both site and legal entity details.
3. Single legal entity with multiple sites
  - The certificate will list all included sites by name and address.
4. A selected number of sites from a larger entity
  - Only the audited and approved sites will appear on the certificate.

For application types 3 and 4, the certification body may apply site sampling in accordance with RLWS sampling rules (see Section 2.5 for rules on multi-site auditing).

## 2.2.3 Confirmation of Scope

The defined audit scope will be reviewed, and a proposal will be shared with the applicant. The final agreed scope will be reflected on the RLWS certificate. Upon

successful completion of the audit and certification process, the applicant will be entitled to use the RLWS certification mark and make associated claims, limited to the approved scope.

When a company seeks to use the RLWS claim across a product or brand, every relevant country and site must be included in the audit scope. Sampling may be applied by the certification body based on a formal risk assessment; however, this does not imply that all sites will be audited in person.

### 2.2.4 Entities and Workers Included in Scope

- ❖ **The audit scope shall include the following:**
  - All business entities that share ownership, operate under the same business license, or are managed under the same system as the audited facility.
  - All workers—whether directly employed or hired through contractors or agencies—who work full time on-site at the included facilities.
  - Co-located or adjacent businesses that share workers or payroll systems with the main audited facility.

This broad inclusion ensures the integrity of the audit and an accurate representation of employment practices within the operational ecosystem.

### 2.2.5 Multi-Site Certification

Multi-site auditing allows organisations with multiple production or operational sites under a single management system to undergo a streamlined assessment process under a single auditing process. This approach can improve efficiency and reduce duplication of effort; however, it also presents unique challenges that must be carefully managed to maintain the integrity of the audit. This section outlines the key requirements and considerations for multi-site audits, including potential limitations, necessary documentation and validation, risk assessment procedures to determine audit scope, and guidelines for appropriate site sampling.

### 2.2.6 Potential limitations

In the case of large-scale operations (e.g., facilities employing more than 2,000 workers), where multiple sites operate under a single business license but serve different functions, the certification scope may be limited to specific sites or units.

- ❖ **Any such limitations must:**
  - Be clearly described in the Site Description section of the audit report
  - Be disclosed in advance to both the RLWS and relevant customers
  - Undergo review and validation during the audit booking phase

## 2.2.7 Required documentation and validation

In the case of multi-site certification, the certification body must gather detailed information from the applicant to determine the eligibility and appropriateness of sampling and to validate the management system. The following factors must be assessed:

- Whether a unified management system is deployed across all sites
- The scope of that management system in relation to the requested certification scope
- The legal and contractual arrangements for each site
- A clear mapping of site-specific functions and identification of the central function or management hub
- The level of centralisation for functions such as payroll, grievance handling, or audit response
- Operational interdependencies between sites
- Which sites are eligible for sampling (based on similarity and risk classification)
- The scale and complexity of processes conducted at each location

This information allows the certification body to design a tailored audit plan that is both efficient and compliant with RLWS requirements.

## 2.2.8 Sampling rules

An organization covered by a single management system comprising an identified central function or central site (not necessarily the headquarters of the organization) at which certain processes/activities are planned and controlled, and a number of sites (permanent, temporary or virtual) at which such processes/activities are fully or partially carried out (International Accreditation Forum, Inc. Mandatory Document 1:2018).

The certification body may apply risk-based sampling in multisite situations:

1. When one legal entity applies for certification in a country with multiple sites. The applicant may apply with all their sites or only include a selected number of sites.
2. When a facility/company itself has multiple sub-sites.
3. When the applicant legal entity or a facility/company has multiple (sub)contractors or suppliers, and the applicant wishes to cover those under its own certificate.
4. When the applicant is operating in multiple countries. The applicant may apply with all their sites or only include a selected number of sites.

Multi-site certification is not restricted to one country, an international multi-site case is possible under the RLWS certification.

The number of audited sites (on-site visit, or off-site audit) may be reduced based on the risk classification of different groupings of the sites.

## Step 1. Groupings of the sites

The grouping of the sites shall follow the categorisation of the sites based on: identification of the central site(s) vs other sites.

The organisation shall identify its central site. The central site is part of the organisation and shall not be subcontracted to an external organisation. The central site shall have organisational authority to define, establish and maintain the single management system. The organisation's single management system shall be subject to a centralised management review. All sites shall be subject to the organisation's internal audit program. The central site shall be responsible for ensuring that data is collected and analysed from all sites and shall be able to demonstrate its authority and ability to initiate organisational change as required regarding, but not limited to:

1. System documentation and system changes;
2. Management review;
3. Complaints;
4. Evaluation of corrective actions;
5. Internal audit planning and evaluation of the results; and
6. Statutory and regulatory requirements pertaining to employment and salary.

The rest of the sites' (not central) grouping shall be based on:

1. Similar functions,
2. Similar size,
3. Similar activity,
4. Permanent vs temporary sites.

A permanent site (physical or virtual) is where an organisation performs work or from which a service is provided on a continuing basis. A temporary site (physical or virtual) is where an organisation performs specific work or from which a service is provided for a finite period of time and which is not intended to become a permanent site (Source: based on ISO/IEC TS 17023:2013).

## Step 2. Apply risk classification to the site groupings

The site groupings shall be classified as high, medium or low risk site groups. The risk classification shall be based on the % of the living wage met by the lowest base wage at each site (see Table 3: Risk classification per site). The certification body shall also be able to adjust the risk classification based on the results of the previous audit (i.e. the likelihood of detecting non-compliance with providing the applicable living wage to the workers in the given site).

This risk classification supports the auditor in determining the audit type (remote or on-site) and data required for the document review phase. The framework uses the proportion of the living wage paid to the lowest-paid worker (including only their base wage, excluding allowances or benefits) as a key benchmark, classifying each site as low, medium, or high risk.

❖ **Table 3 (Repeat of Table 2 for reference): Risk classification per site**

Risk classification	% of living wage met by lowest base wage at site	Audit type	Worker engagement	Record-keeping by the site
Low	> 100%	Remote audit required	Not required	Base wage (no additional benefits required)
Medium	70% - 100%	Remote audit required, or on-site audit (at the discretion of the certification body)	Required	Wages, bonuses, and in-kind benefits
High	< 70%	On-site audit required	Required	Wages, bonuses, and in-kind benefits

The table represents the risk classification of the site based on comparing the lowest base wage paid at that site to the living wage benchmark.

### Step 3. Define audit sample size

Sites classified as high risk, including the central function site, shall be audited in person during the initial certification and during every recertification audit and at least once a year as part of a surveillance audit (Source: based on IAF MD 1:2018).

Sites classified as medium risk shall be audited in person or remotely, but the sample size may be reduced. The reduction may not result in less than the square root of the number of sites/unit audited. Medium risk sites may be audited remotely, and on-site audits may be required at the discretion of the certification body. The sampling should always include some randomly selected sites, and some sites selected to be audited unannounced.

Sites classified as low risk may not require yearly audits. However, during a 3-year cycle, the certification body shall determine to audit some of the low-risk sites. Low-risk sites may be audited remotely.

The site selection for an audit shall consider, among others, the following aspects:

- Results of internal site audits and management reviews or previous certification audits;
- Records of grievances and other relevant aspects of corrective and preventive action;
- Variations in shift patterns and work procedures;
- Modifications since the last certification audit;
- Maturity of the management system and knowledge of the organization;
- Socioeconomic environmental issues;
- Geographical dispersion;
- Whether the sites are permanent, temporary or virtual; and

- Result of the previous audit, number and type of non-compliances.

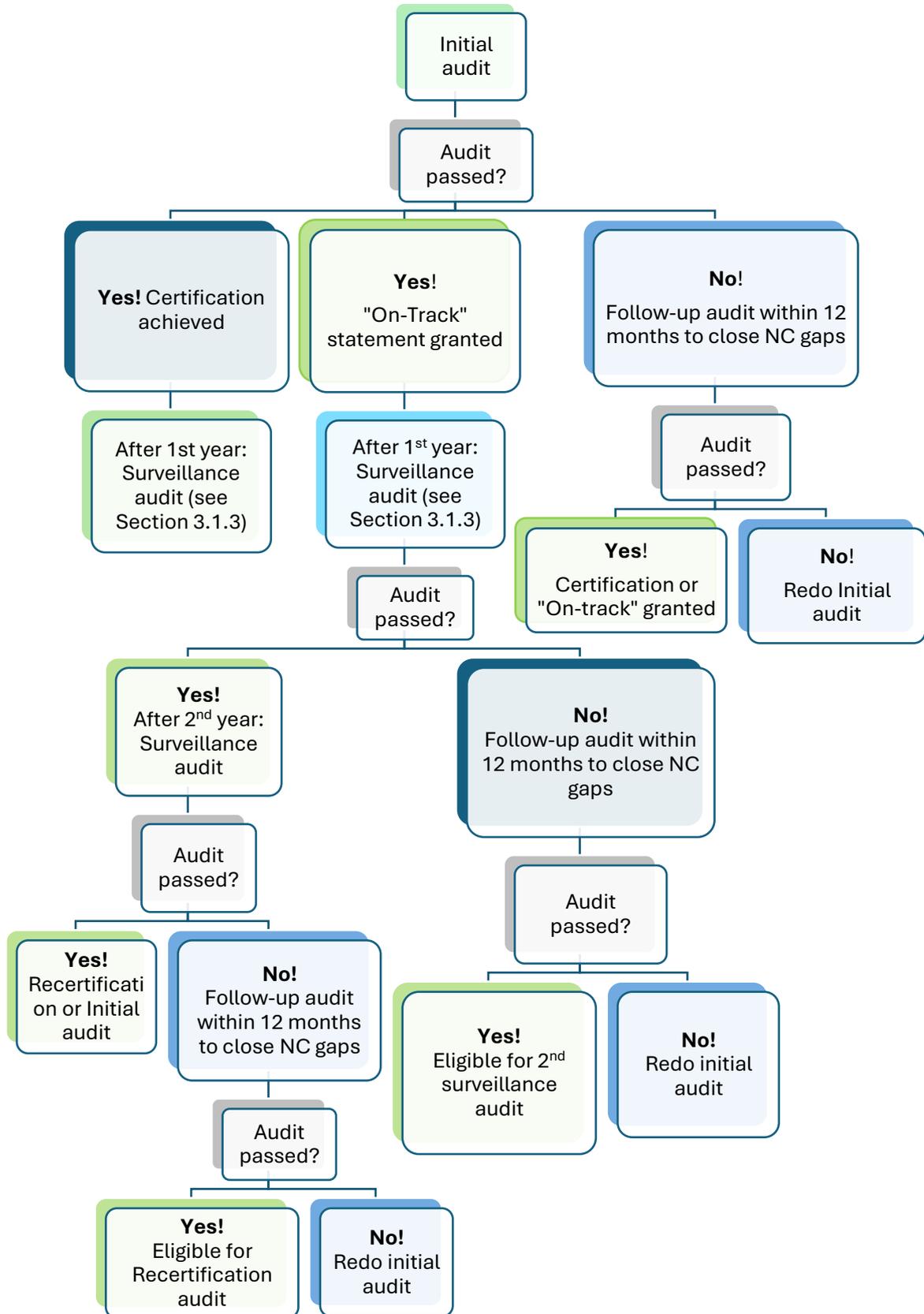
## 2.3 Concluding remarks

This section has outlined the key steps involved in the application process of the site to the CERTIFICATION BODY, including how site information is submitted, how sampling size is determined, and how the site's risk classification influences the overall sampling approach. Together, these elements form the foundation for audit planning and help ensure that audit resources are allocated appropriately. With these preparatory steps in place, the next section will turn to the actual auditing process, detailing the audit process, how audits are conducted, what they cover, and how compliance is assessed.

## 3. Audit Process

Once the site has applied for the audit and the certification body has validated the submitted information, the full auditing process can commence. This section will detail the different types of audits that may be required at various stages, including the initial audit, surveillance audit, follow-up audit, and recertification audit. Each audit type serves a specific purpose within the broader assurance framework, ensuring that compliance is verified not only at a single point in time but also maintained and strengthened over time.

- ❖ **Diagram 1: The step-by-step audit process**



## 3.1 Audit Duration and Risk Classification

The total audit duration is determined by two variables: the number of sites and the risk level of these sites, as defined in Table 2: Risk classification per site (available in Section 2.2.1).

Initial, follow-up, surveillance, and recertification audits must follow the risk classification methodology outlined in Table 2 of this standard.

## 3.2 Pre-Audit Record Retention

Before the first audit takes place, the applicant must have retained and be able to provide at least three months of relevant records. These records must be sufficient to demonstrate implementation of RLWS requirements across all sites within the declared scope.

## 3.3 Initial Audit

The initial audit is designed to establish the site's compliance with the principles of the RLWS. To accomplish this, the site must go through the full audit process (as determined by the risk assessment mentioned above).

**Purpose:** To establish a baseline assessment of the facility's compliance with the RLWS.

**Characteristics:**

- Full audit covering all RLWS requirements for single-site applicants and sampling of sites based on their risk classification in case of multisite applicants.
- Includes document review, worker interviews, and the full checklist. Note: the number of documents to review and the number of workers to interview (if any) is determined by the risk assessment located in Section 2.2.1, Table 2: Risk classification per site.
- Required for all new applicants.
- May be shortened or extended depending on the complexity and size of the facility.

## 3.4 Surveillance Audit

The type of surveillance audit carried out depends on whether the organisation has been designated as a 'Certified Living Wage Provider' or is 'On Track to be a Living Wage Provider'. Organisations that have been determined to be 'On Improvement Pathway to be a Living Wage Provider' are not eligible for a surveillance audit.

**Purpose:** To confirm continued compliance, track improvements, and ensure no regression.

**Characteristics:**

- Conducted annually between initial and recertification audits.
- Not a full audit; some checklist requirements can be skipped.
- For multi-site applicants, the sample size can be reduced.

During the surveillance audit, focus is placed on the continued implementation of the already audited procedures and on the changes, if any, rather than on the re-evaluation of each procedure. Therefore, a shortened checklist may be used. Several requirements may be omitted as indicated in the RLWS checklist (see the last column of the checklist, available in Annex 5.3).

For multi-site applicants, the number of audited sites (i.e. sites sampled based on their risk classification) may be reduced by up to 50% compared to the initial or recertification audit. The central function (or central site) shall always be audited.

- On-site, remote or hybrid audit based on risk indicators (e.g., unresolved NCs, worker complaints, changes in ownership or production scale) for single-site organisations. Follow the sampling method for multi-site applicants based on their risk classification.
- Focuses on:
  - Progression on the Corrective Action Plan (CAP) that has been developed and submitted
  - Updates to wage and employment data
  - Management system effectiveness
- Surveillance Timeline Example:
  - Year 1: Initial audit
  - Year 2: Surveillance audit
  - Year 3: Surveillance audit
  - Year 4: Recertification (i.e. a new initial) audit

### 3.4.1 Surveillance audit for ‘Certified Living Wage Provider’

If an organisation is certified as a Living Wage Provider, the surveillance audit will be remote. The following is required during this audit:

- Review the Gap analysis report submitted
- Review the Corrective Action Plan submitted (if any)
- Complete section 8 of the checklist
- No worker interviews required

### 3.4.2 Surveillance audit for 'On-Track to be a Living Wage Provider'

If an organisation is compliant with the requirements to be 'On-Track to be a Living Wage Provider', the surveillance audit will remote or on-site, as determined by the certification body. The following is required during this audit:

- Review the Gap analysis report submitted
- Review the Corrective Action Plan submitted
- Complete the shortened checklist, focused on the NCs found during the previous audit
- Worker interviews could be required, as determined by the certification body

## 3.5 Follow-up Audit

A follow-up audit is carried out when organisations fail the initial, recertification or surveillance audits, but demonstrate a willingness to improve and submit a Corrective Action Plan (CAP) within 3 months. The scheduling of the follow-up audit is dependent on the commitments stated within the Corrective Action Plan, but can be scheduled no later than twelve months from the submission of the CAP. During this time, the organisation's living wage status is on hold.

**Purpose:** To verify the closure of correction or corrective actions where non-compliances (NCs) were found during an initial, recertification, or surveillance audit.

**Characteristics:**

- Focuses on the corrective actions taken to resolve the non-compliances found during the audit.
- Required when the site fails the initial, surveillance or recertification audit.
- Required for organisations which have received the 'On Improvement Pathway to be a Living Wage Provider'.
- Must be carried out within twelve months after the audit is failed.

❖ **Types of Follow-Up Audits:**

- **Desktop:**  
Used for administrative or documentary NCs where resolution can be validated remotely (e.g., policy updates, contract revisions, payroll corrections).
- **On-site:**  
Required when issues are worker-related (e.g., wage payments, working hours), structural (e.g., payment systems), or where remote verification is not feasible.

## 3.6 Recertification Audit

The Recertification audit is designed to reestablish the site's compliance with the principles of the RLWS. To accomplish this, the site must go through the full audit process (as determined by the risk assessment mentioned above). The reasoning behind repeating the full audit process during the recertification process is to ensure that the site is fully and continuously compliant with the principles and requirements of the RLWS.

**Purpose:** Conducted to confirm that a site continues to meet the required standards and maintains compliance over time, ensuring the validity of its certification.

**Characteristics:**

- Full audit covering all RLWS requirements for single-site applicants and sampling of sites based on their risk classification in case of multisite applicants.
- Includes document review, worker interviews, and the full checklist. Note: the number of documents to review and the number of workers to interview (if any) is determined by the risk assessment located above.
- May be shortened or extended depending on the complexity and size of the facility.
- To be eligible for a recertification audit, a site must have successfully completed the initial audit and two subsequent surveillance audits. In other words, a site becomes eligible for recertification 36 months after the initial audit, provided it has remained continuously compliant (including when they have done a follow-up audit and passed it) throughout the audit cycle.

## 3.7 Concluding remarks

The audit process provides a clear and structured framework for evaluating a site's alignment with the standard over time. By outlining the various types of audits, including initial, surveillance, follow-up, and recertification, this section highlights the continuous and cyclical nature of assurance. Each type of audit plays a distinct role in ensuring that progress is monitored, corrective actions are taken when necessary, and long-term compliance is maintained. Together, these audit stages reinforce the integrity of the standard and support ongoing improvement at the site level.

## 4. RLWS Methodology

The methodology of this standard is designed to verify that living wage payments are not only made but sustained over time. To do this, it assesses whether a company's internal structures and practices support the ongoing implementation of a living wage. This includes a management system audit, a checklist-based assessment, worker interviews, and a document review. This standard applies a structured, risk-based audit methodology designed to ensure credibility, support continuous improvement, and provide long-term assurance. While paying a living wage is essential, it is not sufficient on its own. Companies must also meet additional criteria, verified according to the methodological process defined as follows, that ensure fairness, sustainability, and alignment with the standard's principles.

### 4.1 Methods of verification

The following methods of verification can be used to ensure the credibility and effectiveness of the RLWS:

- 1. Management system review:** An evaluation conducted by the auditor to assess whether the organisation's management systems are adequately designed and implemented to ensure ongoing compliance with the standard.
- 2. Checklist:** A structured tool comprising 54 requirements across 10 sections, used by the auditor to systematically assess compliance with all aspects of the standard.
- 3. Document review:** Examine payroll records, employment contracts, the living wage benchmark used, and other relevant documents to verify that the organisation meets the set standard.
- 4. Interviews:** Conduct interviews with management, workers and their representatives to gather insights and confirm that the organisation meets the set standard.

This section focuses on the RLWS methodology for verification, which is comprised of a Checklist (which includes the Management Systems (MS) assessment), document review and the on-site activities, including interviews. Each audit component serves a distinct purpose and follows a format aligned with internationally recognized social auditing practices. This section explains the methodology and how it must be applied in practice by the auditor.

**Note:** This verification standard requires a multi-site organisation to operate under one management system.

### 4.2 The Management Systems (MS)

A robust and well-functioning management system is crucial to the effective implementation of the RLWS. The assessment of a company's management system provides insight into the degree to which policies, procedures, responsibilities, and

internal controls are aligned with the organisation's commitment to fair remuneration, decent work, and continuous improvement. In order to carry out this assessment, the facility must undergo the Checklist and upload relevant documentation for the auditor's full review. While management systems can vary by the size or sector of a company, generally what will be included in the audit is the following: relevant policies, documented procedures or responsibilities, records and documentation (including payroll, working hours logs, and training logs), risk and impact assessments, worker feedback (grievance mechanisms), previous audit reports.

This assessment is grounded in internationally recognised principles of quality management, as outlined in ISO 9001. Since ISO 9001 is a standard for quality management systems, its core principles offer a valuable framework for evaluating how well a company can implement and sustain complex social and labour-related commitments.

The principles of ISO 9001 found to be relevant for this standard are the following:

- 1. Process approach:** Understanding and managing interrelated processes (e.g., wage setting, recruitment, supply chain due diligence) as a coherent system helps ensure consistency and efficiency in meeting living wage goals.
- 2. Improvement:** A commitment to continual improvement must be evident, including mechanisms for regularly reviewing wage levels, updating benchmarks, and responding to internal or external audit findings.
- 3. Evidence-based decision-making:** Data and documentation should underpin wage determinations, supplier assessments, and corrective actions, ensuring decisions are transparent and justifiable.
- 4. Relationship management:** Sustained performance on living wage commitments often depends on effective engagement with suppliers, trade unions, civil society, and other stakeholders.

An effective management system should not only ensure compliance with the standard's Essential criteria but also provide the governance, learning, and adaptability needed to progress toward the standard's Advanced elements<sup>9</sup>. Assessment findings should feed into management review cycles and support a culture of accountability and learning.

### 4.2.1 Auditing the MS

The auditor must collect and verify evidence via the following actions (as specified in the checklist and during the on-site visit):

- **Management system review:** including any policies and procedures in place, must be uploaded onto the checklist or shared with the auditor.

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<sup>9</sup> Explanations of these criteria can be found in the following page.

- **Management interview:** manager's understanding of these policies and procedures, and their role in their implementation and upkeep.
- **Worker interviews (for sites classified as medium or high risk):** workers' understanding of the policies and procedures in place, and the role of their managers.
- **Site tour (for sites classified as medium or high risk):** observe the evidence of these policies and procedures, and how they are communicated.
- **Record review:** to collect evidence that the processes are implemented in a consistent manner.

These actions should allow the auditor to understand the following:

1. What policies and procedures are currently in place to further the living wage criteria?
2. Are these policies and procedures correctly communicated to the workforce, to ensure their understanding of their impact?
3. Is the individual responsible for enforcing these policies and procedures adequately informed and trained to ensure that the criteria can be met?

### 4.3 The RLWS Checklist

The RLWS Checklist works together with the previous management system assessment to fully explore the level of compliance of the facility with the RLWS criteria. It breaks down the expectations that guide the auditor. These requirements help identify and document instances where compliance is not met during an audit.

- **Applicability:** The checklist applies to all sites under a single management system undergoing an RLWS verification assessment, ensuring consistency and clarity across audits. It is designed to be practical and implementable at the facility level.
- **Structure:** Each Checklist requirement is introduced with the phrase "The site shall," clearly stating what is expected of the site to comply with the RLWS standard.
- **Purpose:** Auditors are expected to apply their training, judgment, and professional experience to evaluate compliance thoroughly and accurately.

### 4.3.1 RLWS Checklist sections

The checklist is divided into the following 10 sections, with a total of 54 requirements. As previously stated, the auditor must go through the full checklist during the initial and recertification audit. During follow-up or surveillance audits, the checklist can be shortened as per the NCs found or CAP submitted.

**1. Living Wage Commitment & Governance**

**2. Training & Stakeholder Communication**

**3. Responsible Purchasing & Supply Chain Management**

**4. Legal Compliance & Awareness**

**5. Living Wage Benchmarking Methodology**

**6. Working Hours & Timekeeping Compliance**

**7. Payment Cycle Requirements**

**8. Verification Procedures**

**9. Corrective & Preventive Action Planning**

**10. Grievance Mechanisms**

### 4.3.2 Documenting a Finding

When documenting a finding against the RLWS Checklist, the auditor shall indicate if the finding is a Non-compliance (NC). In cases where a non-compliance is identified, the auditor may provide the relevant details immediately. If the finding is an NC, the auditor shall clarify whether it requires stakeholders to work together. Findings must be recorded whenever the site fails to meet either the Checklist or applicable legal requirements to uphold the highest level of protection for workers.

If a living wage gap has been identified, a clear and realistic corrective action plan (CAP) shall be submitted, which will be revised during the following audit. This can include follow-up audits and surveillance audits, depending on the results of the first audit. Depending on the timeframe of the action plan, the organisation can request a follow-up audit within twelve months of submitting the CAP to close the NCs and be eligible for one of the compliance levels.

Each of the Checklist requirements belongs to one of four categories:

**Table 4: Checklist requirements categories**

Non-Negotiable (NN)	Living Wage Pay (LWP)	Essential (E)	Advanced (A)
2 requirements	2 requirements	32 requirements	18 requirements

1. **Non-Negotiable (NN):** The two requirements in this category are placed at a separate level because they relate to the company’s compliance with human rights-related obligations according to internationally recognised standards.
  - a. If a facility does meet sufficient criteria to reach any of the compliance levels but does not comply with these specific Non-negotiable requirements, they are required to apply for a follow-up audit within three months, and are not eligible for any compliance level.
2. **Living Wage Pay (LWP):** Requirements which indicate if a site is compliant with paying at least a living wage to their workforce.
  - a. Compliance with 100% of these requirements does not necessarily mean the site will be eligible for certification, as explained below.
3. **Essential living wage criteria (E):** Requirements which represent the core conditions that a facility must meet to be recognised as a living wage employer.
  - a. Meeting 100% of these criteria does not necessarily mean the facility is a living wage employer. However, it does serve as an indication of the extent of their journey towards meeting this goal.
  - b. To encourage improvement, the compliance level “On Improvement Pathway” requires organisations to comply with 10% more of the Essential requirements on a yearly basis, after establishing the baseline during the initial audit.
4. **Advanced living wage criteria (A):** Requirements which represent supporting practices that contribute to sustained living wage outcomes.
  - a. Meeting 100% of these criteria does not necessarily mean the facility is a living wage employer. However, it does serve as an indication of the extent of their journey towards meeting this goal.
  - b. These criteria are designed to encourage ongoing development and long-term accountability.
  - c. To encourage improvement, organisations across all compliance levels are expected to comply with 10% more of the Advanced requirements on a yearly basis, after establishing the baseline during the initial audit.

The RLWS Checklist shall then indicate to the auditor (through automated scoring) the extent to which the facility complies with the requirements. Table 5: Compliance level as per checklist results indicates the scoring required to reach each compliance level.

**Table 5: Compliance level as per checklist results**

Requirement type	Compliance level per requirement		
	Certified Living Wage Provider	On-Track to be a Living Wage Provider	On Improvement Pathway to be a Living Wage Provider
Non-Negotiable (total of 2 requirements)	All	All	All
Living Wage Pay (total of 2 requirements)	All	2, under 2, or none	Under 2, or none
Essential (total of 32 requirements)	At least 90% (29 total)	At least 50% (16 total)	Once the baseline is established, a minimum of 10% yearly improvement is required
Advanced (total of 18 requirements)	Once the baseline is established, a minimum of 10% yearly improvement is required		

It is relevant to reiterate that complying with the Living Wage Pay (LWP) requirements does not necessarily mean that the site will be eligible for a Living Wage Provider certification. While paying a living wage is a critical outcome, it must be supported by the right systems to be credible and sustainable. The Essential requirements in the standard ensure that living wage payments are made within fair working conditions, respect for human rights, and responsible business practices. Without these foundations, wage payments may be insecure, unsustainable, or unscalable. For this reason, living wage certification is only granted to organisations that both pay a living wage to all workers and meet the Essential requirements that support and sustain it. Payment alone is necessary, but not sufficient, for certification.

### 4.3.3 Audit Finding Types

The term Audit findings refers to the possible outcomes of an RLWS verification audit, including the following: non-compliances (NC), Stakeholder Collaboration Required (SCR) findings, and compliance.

- **Non-compliance (NC):** When a facility fails to meet both legal requirements (local, national, or international) and the standards set by the RLWS.
  - **Stakeholder Collaboration Required (SCR):** A type of NC recorded when a facility’s practice does not meet the RLWS, and resolution may

require the involvement of additional stakeholders beyond the audited facility.

- **Compliance:** When a facility's practice exceeds legal and/or RLWS requirements.

### 4.3.4 Audit Finding Description

Each finding can be further broken down by observing its categorisations. As previously mentioned, the RLWS Checklist requirements belong to one of four criteria: Non-Negotiable, Living Wage Pay, Essential or Advanced. These provide further details about the nature of an NC and its assigned criticality.

### 4.3.5 NC types and sanctions

**Example 1:** If a facility meets sufficient criteria to be certified as a 'Living Wage Provider' or is compliant with the requirements to be an 'On-Track to be a Living Wage Provider' but does not comply with the specific Non-Negotiable (NN) requirements, they are required to apply for a follow-up audit within three months. In other words, they must meet the Non-Negotiable requirements to receive the 'Living Wage Provider' certification or the 'On-Track to be a Living Wage Provider' statement. The deadline for the follow-up audit is calculated from the date of the audit's closing meeting, during which all non-compliances are clearly communicated to the site.

During the follow-up audit (carried out within three months of the audit which found the NCs), the site will be evaluated solely on the non-compliance of NN criteria which have been found during the first audit. If the follow-up audit is passed, the site is eligible to be a 'Living Wage Provider' or 'On-Track to be a Living Wage Provider', as determined by the first audit. In cases where the non-compliances are not resolved within three months, the valid certificate shall be suspended. The suspension may be held for six additional months. If the non-compliances are not resolved during the additional six-month suspension period, a full new initial audit shall be conducted during the following three months (i.e. in a maximum of 12 months from the closing meeting). If the full new initial audit is not conducted within 3 months after the end of the suspension period, the client shall be cancelled and the contract terminated. During the suspension and after contract termination, the client cannot use the RLWS trademark and/or claim.

**Example 2:** If a site is classified as either 'On-Track to be a Living Wage Provider' or 'On Improvement Pathway to be a Living Wage Provider,' a follow-up audit may be requested to address its non-compliances and potentially qualify for a higher compliance level. This follow-up audit will focus on the NCs which have been found during the first audit, and the corrective action plan (CAP).

**Example 3:** If an organisation achieves the 'Certified Living Wage Provider', they are eligible for the surveillance audit 12 months from the date of certification. If living wage gaps are identified during the review of the gap analysis report submitted in the Surveillance audit, the organisation must submit an action plan (CAP) to close the

gaps found and request a follow-up audit within three months. During this period, the organisation cannot use the RLWS trademark and/or claim.

### Follow-up audit in case of non-conformities

Where a non-compliance(s) has been found and correction or corrective action has been submitted to the certification body, the certification body shall verify the implementation of the correction/corrective action during a follow-up audit. Depending on the results from the previous audit, different auditing activities will be required. As such, the length of the audit must be determined depending on the report from the previous audit by the certification body.

### Stakeholder Collaboration Required (SCR)

The RLWS has identified certain issues where a site may not meet the Checklist requirements, but resolving the NC is beyond the facility's direct control. Some NCs require input from additional stakeholders to both identify appropriate actions and implement solutions. In such cases, auditors cannot determine or prescribe the roles or responsibilities of parties beyond the supplier during an onsite assessment.

Auditors must document these collaborative requirements in the same manner as other NCs. However, due to requiring further stakeholder involvement, these NCs are not subject to a mandatory closure timeframe. When it is raised, suppliers may submit an action plan after the audit is published. Auditors are not responsible for evaluating these action plans. Instead, management and review of the plans are encouraged as a collaborative effort between linked buyer and supplier members.

These findings are reviewed in subsequent follow-up, surveillance or recertification audits. In each audit, the auditor will reassess the Checklist requirement and raise a new SCR if the issue remains unresolved.

## 4.4 Document review

The review of documents is a critical component of the audit process. It enables the auditor to verify that policies, procedures, records, and other relevant materials are in place and align with the requirements of the standard. This activity strengthens the RLWS's robustness by providing evidence of compliance, uncovering potential gaps between policy and practice, and supporting cross-validation of information gathered through worker interviews and site observations.

### 4.4.1 Scope of review

The auditor must review all documents relevant to the scope of the audit as they see fit, including but not limited to:

- Employment contracts and worker records
- Wage or payslip records

- Working hour records
- Grievance mechanisms and complaint records
- Training materials and attendance logs
- Procurement and supplier documentation (where applicable)

### 4.5 Interviews

Interviewing workers is essential to ensuring the credibility of the assessment and is required for sites identified as medium- to high-risk. Direct engagement with workers offers critical insight into the actual working conditions, practices, and potential rights violations that may not be evident through records alone.

Worker interviews strengthen the robustness and thoroughness of the audit by:

- Validating or challenging information provided in documents and by management
- Revealing discrepancies between written policies and day-to-day realities
- Highlighting issues that may not be documented (i.e. discrimination, harassment, wage delays, coercion)
- Capturing diverse perspectives from across different departments, job roles, genders, and employment types

#### 4.5.1 Worker interviews and file review sample sizes

Worker interviews are required for audits performed on high-risk sites and can be requested by the certification body when auditing a medium-risk site. The sampling guidance for the number of worker interviews is based on widely accepted industry standards and is intended to support auditors in planning and allocating time for the audit (excluding travel days).

This guidance assumes that all workers fall under a single management system. If multiple management systems are in place, each site or facility must be audited separately, with a distinct sampling process applied to each.

The sampling of workers is based on medium and high-risk workers previously identified in the risk assessment.

Auditors shall ensure that the sample of workers selected for interviews is representative of the workforce and captures the diversity of demographics present at the site. The sample must include workers across different genders, nationalities, age groups, ethnicities, employment types, and other relevant characteristics, with particular attention given to potentially vulnerable or underrepresented groups. The auditor should use professional judgement to determine the appropriate mix and size of the sample to obtain a reliable and balanced understanding of working conditions and practices.

❖ **Table 5: Number of workers' interviews to be conducted during the audit**

Number of workers identified as medium and high-risk workers per audited site/facility	Individual workers' interviews	Files to review	Time spent on interviews
1 – 100	8 or all workers if <5	10 files	0,5 day
101 – 500	16 workers	26 files	1 days
501 – 1,000	27 workers	42 files	1,6 days
1,001 – 2,000	36 workers	52 files	2,2 days
2,001 +	Minimum 50 or 2,5% of those workers who receive a base wage below the living wage benchmark, whichever is higher	62 files or 3% of the number of workers, whichever is higher	16-20 worker interviews per day <sup>10</sup>

\* Auditor days include all necessary activities to carry out the audit, including the management systems review.

Auditors shall ensure that the sample of workers selected for interviews is representative of the workforce and captures the diversity of demographics present at the site. The sample must include workers across different genders, nationalities, age groups, ethnicities, employment types, and other relevant characteristics, with particular attention given to potentially vulnerable or underrepresented groups. The auditor should use professional judgement to determine the appropriate mix and size

<sup>10</sup> This serves as an indication for the auditor. Proper time calculations should be made according to the specific characteristics of the organisation.

of the sample to obtain a reliable and balanced understanding of working conditions and practices.

Auditors shall use their professional judgement to determine the scope and focus of worker interviews. The topics covered should be informed by the findings of the checklist, site observations, document review, and management system audit, as well as the auditor's overall risk assessment. No predefined list of questions is provided; instead, auditors are expected to identify and address the issues most relevant to assessing working conditions and potential risks at the site.

### Circumstances for the worker's interview

The facility or company shall ensure optimal conditions for worker interviews. A quiet, private space must be provided to minimize distractions and safeguard confidentiality. The interview setting should be comfortable, with appropriate lighting, seating, and temperature to help put participants at ease. Interviews should be scheduled at a time when both the interviewer and the worker can focus without undue stress. Interviews should not take place during peak working hours. Sufficient time must be allocated to allow for a thorough and unhurried conversation.

#### 4.5.2 Timing of the audit

In case of seasonality, the audit should be done when the most representative or the riskiest period is in terms of workers' interviews. Audits during off-season, when the certification body cannot interview the workers, shall be avoided.

## 4.6 Non-Negotiable violations

The RLWS is founded on the eight principles in the Principles and Commitments document (Annex 4). As such, the following violations are deemed unacceptable under any circumstances and will result in a non-compliance that needs to be resolved in three months with a new audit. If in consecutive audits the breach is found to be in relation to the same clause, this will result in the direct withdrawal of the approval and a six-month exclusion from the certification process.

These non-negotiable violations apply to all operations, suppliers, and business partners within the organisation's supply chain.

#### 4.6.1 Corruption and Fraud

Any instance of bribery, corruption, falsification of records, or deliberate misrepresentation of compliance with the Responsible Living Wage Standard is strictly prohibited.

Companies found to have committed any of the above violations will be subject to the following actions:

- Immediate termination of the verification process or withdrawal of the certificate or the verification status.
- Notification to relevant authorities, as required by law.
- A mandatory one-year withdrawal period before reapplying for verification, contingent upon documented corrective actions.

The Responsible Living Wage Standard is committed to supporting certified organisations in maintaining compliance. However, adherence to this non-negotiable violation policy forms the foundation of our certification program.

### 4.7 Concluding remarks

The audit methodology outlined in this section provides a comprehensive and structured approach to evaluating compliance with the standard's principles. By combining the management system audit, checklist-based assessments, document review, and interviews, the methodology ensures that findings are grounded in both evidence and worker experience. Together, these tools offer a balanced and credible basis for assessing a site's adherence to the requirements.

## 5. RLWS Compliance

This section outlines the certification and other compliance levels which indicate the level of compliance of the site with the essential living wage criteria and advanced living wage criteria. They are designed to distinguish the facilities that comply with paying a living wage from those facilities that are making significant efforts towards this objective. There are a total of three compliance levels:

- 1) the **'Certified Living Wage Provider'**,
- 2) the **'On-Track to be a Living Wage Provider'** and
- 3) the **'On Improvement Pathway to be a Living Wage Provider'**.

While the first provides a certificate of compliance, the latter two do not, and are meant to distinguish the site as making efforts towards that objective. **'Certified Living Wage Provider'**

- **Circumstance:** The Facility is certified as a full Living Wage Provider. They are over 90% compliant with the essential living wage criteria and have been determined to be a 100% living wage employer. In other words, 100% of their workforce is employed above the relevant living wage benchmark.
- **Non-negotiable criteria:** Compliance with 100% of non-negotiable criteria.
- **Living Wage Pay criteria:** Compliance with 100% of Living Wage Pay criteria.
- **Essential living wage criteria:** Compliance with at least 90% of essential criteria, or 29 requirements.
- **Advanced living wage criteria:** Once the baseline compliance is established during the initial audit, they are required to have a minimum of 10% yearly compliance improvement per year.
- **Validity:** Valid for 36 months (unless surveillance and follow-up audit is not passed).
- **Post-audit:** Facilities must successfully pass every surveillance audit with or without corrective actions or observations and maintain continuous certification with no gaps between validity periods.
- **Sharing the compliance level publicly:** Sites are allowed and encouraged to display the 'Certified Living Wage Provider' logo on their website, and can also include it in their sustainability report.

### 5.2 'On-Track to be a Living Wage Provider'

- **Circumstance:** The facility is not fully compliant with the essential living wage criteria or the advanced living wage criteria, but has demonstrated a significant commitment to becoming a Living Wage Employer.
- **Non-negotiable criteria:** Compliance with 100% of non-negotiable criteria.
- **Living Wage Pay criteria:** Compliance with 100% or less of the Living Wage Pay criteria.

- **Essential living wage criteria:** Compliance with at least 50% of essential criteria, or 16 requirements.
- **Advanced living wage criteria:** Once the baseline compliance is established during the initial audit, they are required to have a minimum of 10% yearly compliance improvement per year.
- **Validity:** Valid for 12 months.
- **Post-audit:** Facilities are given five years from the first 'On Track Living Wage Provider' verification to comply with at least 100% of the essential criteria and comply with the required improvement plan for advanced criteria.
- **Sharing the compliance level publicly:** Sites are allowed and encouraged to display the 'On-Track to be a Living Wage Provider' logo on their website and can also include it in their sustainability report.

### 5.3 'On Improvement Pathway to be a Living Wage Provider' and Follow-up Audit Required

- **Circumstance:** The facility is not compliant with the essential living wage criteria or the advanced living wage criteria. The facility needs to carry out a significant amount of work, but is committed to making progress in its living wage journey. A non-compliance or a non-negotiable requirement might have been found.
- **Non-negotiable criteria:** NC might have been found.
- **Living Wage Pay criteria:** NC might have been found.
- **Essential living wage criteria:** Once the baseline compliance is established during the initial audit, they are required to have a minimum of 10% yearly compliance improvement (or 3 requirements) per year.
- **Advanced living wage criteria:** Once the baseline compliance is established during the initial audit, they are required to have a minimum of 10% yearly compliance improvement (or 2 requirements) per year.
- **Validity:** Valid for twelve months.
- **Post-audit:** Facilities are given up to twelve months to carry out a follow-up audit, as required by the findings from the previous audit.
- **Sharing the compliance level publicly:** Sites are allowed and encouraged to display the 'On Improvement Pathway to be a Living Wage Provider' on their website.

### 5.4 Certification document content

The certification document issued by the certification body shall include the scope of certification. The certification scope shall refer to the product, location and activity scope.

The certification document shall include the sites and /legal entities (where applicable) covered by the single or by the multi-site certification. Certification documents shall contain the name and address of all the sites reflecting the organization to which the certification documents relate. The scope or other reference on these documents shall make it clear that the certified activities are performed by the sites on the list. However, if a site's activities only include a subset of the organization's scope, the certification document *may* include the site's sub-scope. When temporary sites are shown on the certification documents, such sites shall be identified as temporary.

Certification documents shall include the name and exact version of the RLWS standard, the date of issue, the valid from date, the valid to date, the issuing certification body, the certification body logo, the RLWS certification mark.

Additional information may also be included for example the certified company/facility logo, the date of certification decision, the authorizing person of the certification body, etc

### Examples of certificate scope statements

- “This certificate covers the entire workforce engaged in the manufacturing, distribution, and commercialisation of products under the brand name [Company/Brand name] across [list countries/facilities].”
- “This certificate covers the ‘post-harvest processing’ of [Company/Brand name] [product] in [location/region].”
- E.g.: “This certificate covers the production, post-harvest handling, and cold storage of salmon under the ‘Northern Star’ brand across EU-based facilities.”

## 6. RLWS Trademarks

### 6.1 RLWS trademarks

Peterson Solutions B.V. is the sole owner of the Responsible Living Wage standard and the related trademarks. The trademark includes the word marks and the logos of:

- Responsible Living Wage Standard <sup>TM</sup>,
- Certified Living Wage Provider <sup>TM</sup>
- Responsible Living Wage - Certified Provider <sup>TM</sup>,
- On-track to be Living Wage Provider <sup>TM</sup>,
- Responsible Living Wage - On-track <sup>TM</sup>,
- On Improvement Pathway to be a Living Wage Provider <sup>TM</sup>,
- Responsible Living Wage - In progress <sup>TM</sup>.

The Responsible Living Wage Standard trademark, logo and word mark refers to the standard itself. It may not be used as an alias to the below listed certification trademarks (i.e. Certified Living Wage Provider <sup>TM</sup>, Responsible Living Wage - Certified Provider <sup>TM</sup>, On-track to be Living Wage Provider <sup>TM</sup>, Responsible Living Wage - On-track <sup>TM</sup>, On Improvement Pathway to be a Living Wage Provider <sup>TM</sup>, Responsible Living Wage - In progress <sup>TM</sup>).

The Responsible Living Wage Standard <sup>TM</sup> logos are:



## 6.2 ‘Certified Living Wage Provider’ trademark and logo

Certified companies with a valid RLWS certificate and has achieved the ‘Certified Living Wage Provider’ level may use the ‘Certified Living wage provider’ trademark and/or the ‘Responsible Living Wage - Certified Provider’ logo in business-to-consumer communication in relation to the scope of the certificate: referring to those locations, activities and products covered by the certificate. The trademark may not appear on products.

The trademark may not be used as a generic statement referring to those locations, sites, activities and products, product lines or brands not covered by the certificate.

The certified companies may use the ‘Certified Living wage provider’ trademark and/or the ‘Responsible Living Wage - Certified Provider’ logo, for example, on their website, in the CSR report, in combination with a reference to the scope listed on the certificate.

The ‘Responsible Living Wage - Certified Provider’ logo is:



The ‘Certified Living wage provider’ trademark and/or the ‘Responsible Living Wage - Certified Provider’ logo may not be used by organisations has achieved the “On Track to be a Living Wage Provider” and/or “On Improvement Pathway to become a Living Wage Provider” status.

## 6.2 ‘On-Track to be a Living Wage Provider’ trademark and logo

Companies have achieved the ‘On-track to be Living Wage Provider’ level may use the ‘On-track to be Living Wage Provider’ trademark and/or the ‘Responsible Living Wage - On-track’ logo in business-to-consumer communication in relation to the scope of the certificate: referring to those locations, activities and products covered by the certificate. The trademark may not appear on products. The trademark may not be

used as a generic statement referring to those locations, sites, activities and products, product lines or brands not covered by the certificate.

The 'Responsible Living Wage - On-track' logo:



### 6.3 'On Improvement Pathway to be a Living Wage Provider' trademark and logo

Companies have achieved the 'On Improvement Pathway to be a Living Wage Provider' level may use the 'On Improvement Pathway to be a Living Wage Provider' trademark and/or the 'Responsible Living Wage - In progress' logo in business-to-consumer communication in relation to the scope of the certificate: referring to those locations, activities and products covered by the certificate. The trademark may not appear on products. The trademark may not be used as a generic statement referring to those locations, sites, activities and products, product lines or brands not covered by the certificate.,

The 'Responsible Living Wage - In progress logo' is:



## 7. RLWS Auditor Guidelines

This section outlines the key steps of the audit process from initiation to completion. It includes guidance on the auditor's pre-audit preparation, time allocation on-site, worker sampling requirements, conducting the site tour, interviewing management and workers, reviewing documentation, and carrying out the opening and closing meetings.

### 7.1 Audit types

The Audit Type determines how a RLWS verification site visit should be scheduled and if the site should be notified. The facility/company can request one of three types of audit scheduling; however, an unannounced or a semi-announced audit shall be done once every three years for a single-site facility/company. Also, for a multi-site facility/company, the audit sample shall always include unannounced audits. This ensures further validity to the audit process of the RLWS.

- **Announced:** When an audit date is agreed with, or disclosed to, the audited site.
- **Semi-announced:** When an audit date falls within an agreed 'window' of three weeks minimum, specified by the buying company or the audit body.
- **Unannounced:** When no prior notice of the audit date is given to the site.

### 7.2 Audit request

To initiate the audit process, a formal request shall be made by the facility/company, its owner or an interested party. An audit can be commissioned and funded by various entities, including the facility/company itself, a buying company, a supplier, the employment site itself, or any other party with a legitimate interest in the site's performance regarding responsible business practices (see also Section 2: Pre-Audit Scope Assessment).

#### 7.2.1 Pre-Audit Preparation

This section outlines the essential information an auditor needs to be fully prepared to carry out an on-site RLWS verification audit. It includes guidance on conducting research, gathering relevant data, communicating with the site, defining the audit scope, and planning the opening and closing meetings for the audit.

Prior to the verification audit, the auditor must complete several preparation steps, which include the following:

#### 7.2.2 Background and Context Review

Auditors must be informed about the current conditions, challenges, and issues impacting employment by the facility/company or site being audited.

When applicable, auditors should review any previous audit reports and the most recent Corrective Action roadmap, if available. They should also be aware of current issues affecting the purchaser members' market.

Additionally, auditors are expected to stay informed about wider social, economic, and political factors influencing workers and the local community. This includes understanding relevant legislation on employment, labour agencies, and data protection, as well as being familiar with the region's legal wage levels, living wage benchmarks, and local cost of living.

### 7.2.3 Selecting an Audit Team

For larger audits, a team may be required, and its composition must meet the following criteria:

- **Minimum auditor skillset:** Includes at least one auditor on-site who has experience with social audits, preferably with the SMETA audit process. Experience with auditing other standards that have social compliance requirements addressing workers' wages or payments may also be accepted (e.g. SA8000, ETI Base Code, Fair Trade).
- **Language skills:** Auditors should speak the primary languages of both management and workers. If not, a translator must be used.
- **Translator requirements:** If a translator is necessary, the team leader must ensure no conflict of interest exists. Translators should be briefed in advance, especially on the sensitivity of interviews with workers or group discussions.
- **Cultural considerations:** The audit team should respect local cultural norms, if any. If this isn't possible, it must be noted in the RLWS declaration at the start of the audit report.
- **Scheme knowledge:** the Auditor shall pass the RLWS training and exam provided by the scheme owner (when made available).

### 7.2.4 Communication requirements with the site

Active participation from the site (facility or company) is essential during the audit process. The auditor must provide the site with all relevant pre-audit information at least two weeks before the audit.

For sites previously audited, the auditor should review past audit reports, corrective actions implemented, roadmaps, or unresolved NCs. This helps in planning the audit effectively by ensuring the auditor considers relevant risks.

The auditor must ensure that the main contact at the audit facility has received the following information during the audit planning phase:

1. A list of documents that need to be available to the auditor during the audit.
2. A list of key personnel who need to be available on the day of the audit, during the audit.
3. The agenda of the audit.

During the opening meeting for the audit, the auditor must discuss the following:

1. Confirm the agreement of all participants (e.g. auditee, audit team) to the audit plan;
  - Introduce the audit team and their roles.
  - Ensure that all planned audit activities can be performed. Introduction of the following should be considered, as appropriate:
  - Other participants, including observers and guides, interpreters and an outline of their roles;
  - The audit methods to manage risks to the organisation, which may result from the presence of the audit team members.
2. Confirmation of the following items should be considered, as appropriate:
  - The audit objectives, scope and criteria;
  - The audit plan and other relevant arrangements with the auditee, such as the date and time for the closing meeting, any interim meetings between the audit team and the auditee's management, and any change(s) needed;
  - Formal communication channels between the audit team and the auditee;
  - The process for raising issues.;
  - The language to be used during the audit;
  - The auditee being kept informed of audit progress during the audit;
  - The availability of the resources and facilities needed by the audit team;
  - Relevant confidentiality/ data protection regulations and how these apply to the audit.
  - Relevant access, health and safety, security, emergency and other arrangements for the audit team;
  - Activities on site that can impact the conduct of the audit.
3. The presentation of information on the following items should be considered, as appropriate:
  - The method of reporting audit findings including criteria for grading, if any;
  - Conditions under which the audit may be terminated;
  - How to deal with possible findings during the audit;
  - Any system for feedback from the auditee on the findings or conclusions of the audit, including complaints or appeals.
4. Requirements for worker interviews.
5. Details of the audit report circulation and arrangements for uploading to the RLWS platform. Any required additional data points as required by the RLWS.

*Only for follow-up audits:* copy of any previous reports in possession.

The meeting should be chaired by the audit team leader.

## 7.2.5 Planning the audit

The following must be considered by the auditor before undertaking the audit:

- 1. Pre-audit verification:** Take necessary steps before the audit to confirm that the site meets the conditions outlined in this guidance. If the proposed audit scope does not comply, the auditor must raise this with the audit requestor, regardless of whether that is the site itself or one of its customers.
- 2. Documentation of booking procedures:** Maintain clear records of the processes followed during the audit booking phase to demonstrate that scope-related requirements were addressed appropriately.
- 3. Engagement with stakeholders:** In cases where the audit scope could lead to potential misinterpretation, the auditor must consult the relevant stakeholders to confirm that the proposed scope is acceptable. These communications must be documented in the audit report.
- 4. Scope discrepancies during the audit:** If it becomes apparent during the audit that the actual scope of the site differs from what was agreed during the booking phase—particularly due to a lack of transparency from the audited site—the auditor must raise a non-compliance (NC).
- 5. Significant variations in scope:** Should there be a substantial difference between the confirmed and actual scope that cannot be resolved by adjusting the audit schedule, the auditor must cancel the audit and refrain from issuing a report.
- 6. Incomplete or inaccurate site information:** If the Site Profile already submitted does not comply with the criteria outlined in this guidance and this is identified before the audit, the auditor must inform the supplier. It is then the supplier's responsibility to update the profile accordingly. Failure to do so will result in a non-compliance being raised.

# Annex 1: Living Wage Methodologies

It is crucial that the facility undergoing the audit uses an IDH-recognised living wage benchmark (<https://www.idhsustainabletrade.com/idh-living-wage-identifier/>) or a benchmark which is calculated according to the ILO principles for estimating a living wage ([ILO principles on estimating a living wage | International Labour Organization](#)). If the facility does not use a benchmark which follows these conditions, they must redo their calculations using an appropriate benchmark.

The following are generally considered to be essential living expenses by the IDH-endorsed living wage benchmark calculation methodologies and the ILO principles for estimating a living wage:

1. Food;
2. Housing;
3. Healthcare;
4. Education;
5. Communication / Phone;
6. Transport;
7. Childcare;
8. Clothing;
9. Household appliances;
10. Water;
11. Margin for unexpected or unforeseen circumstances.

## Annex 2: Base Wage Calculation

The RLWS verifies that the calculation undertaken by the organisation follows the current accepted calculations, as prescribed by some IDH-endorsed benchmark providers such as WageIndicator Foundation<sup>11</sup>.

For the purposes of living wage gap calculations, the wage figure used should be the gross base wage from the worker's perspective. This is the amount earned for normal working hours before deductions for income tax and the worker's own social security contributions and excluding the employer's social security and other statutory contributions. This ensures comparability with living wage benchmarks, which are typically expressed in gross terms.

In determining the base wage for comparison with a living wage benchmark, the following should be included or excluded:

- ❖ **Base wage**
  - The fixed cash remuneration for normal working hours, as stipulated in the employment contract or collective agreement.
  - Exclude overtime pay and any irregular or ad-hoc payments.
- ❖ **Allowances**
  - Monetary allowances that are regular, recurring, and cash-based (e.g., transport allowance, housing allowance) may be included only if they are paid consistently and are part of the worker's take-home earnings.
  - One-off or occasional allowances should be excluded.
- ❖ **Bonuses**
  - Include only regular, guaranteed bonuses that are paid at least annually and are contractually stipulated (e.g., statutory 13th-month pay).
  - Exclude discretionary, performance-based, or attendance bonuses, as these are variable and not guaranteed.
- ❖ **In-kind benefits**
  - Can be included only if they meet the criteria set by the IDH:
    - Provided regularly and consistently.
    - Have a clear and fair monetary value.
    - Are essential for the worker's and their family's basic needs (e.g., meals, housing, transportation, utilities).
  - The total value of in-kind benefits should not exceed the maximum proportion allowed by applicable guidelines or national law (often capped at around 30% of the wage used for living wage comparisons).

The organisation should clearly document all inclusions and exclusions, providing supporting evidence such as payslips, contracts, payroll data, and valuation

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<sup>11</sup> [Frequently Asked Questions FAQ Living Wage - WageIndicator.org](#).

methodologies for in-kind benefits. Transparency and consistency are key to ensuring the calculation is accurate and defensible during RLWS verification.

## Annex 3: Data Access Rules

The following data are collected and released as follows:

<b>Data of the applicant facility and the certificate holder</b>	<b>Auditing certification body</b>	<b>RLWS Scheme Owner</b>	<b>Public</b>
<b>Company name and address</b>	Yes	Yes	Yes
<b>Site's name and address included in the certification scope.</b>	Yes	Yes	Yes
<b>The scope of the certificate</b>	Yes	Yes	Yes
<b>Certificate information: exact version of the RLWS standard, the date of issue, the valid from date, the valid to date, the issuing certification body, the certification body logo, the RLWS certification mark</b>	Yes	Yes	Yes
<b>Audit checklist including audit result, non-compliance and corrective actions</b>	Yes	Yes	No

The scheme owner and the certification body shall follow the EU GDPR requirements.

## Annex 4: Scheme fees

For the certificate holders, the following scheme fees apply. These fees do not include the audit and certification costs. The fees are charged by the certification body, and the scheme owner collects them from the certification body upon registering and making the certified status publicly available in the scheme owner's IT system. The fee is an annual fee, while the certificate is valid for 3 years. The scheme fee consists of a base fee, a country supplement and a size-related fee.

**Base fee** per issued certificate:

- 100 ,- EUR (€) per year for companies with less than 100 workers
- 500 ,- EUR (€) per year for companies with 101-500 workers
- 1000 ,- EUR (€) per year for companies with more than 500 workers

This is an annual fee regardless of whether the certificate is valid for multiple years.

### ❖ **Country supplement:**

Where a certificate covers multiple countries, the country supplement fee applies per country. In case only one country is included the country supplement does not apply.

- 100 ,- EUR (€) per country

### ❖ **Size-related supplement:**

The number of workers shall be calculated as full-time equivalent (FTE), rather than a headcount. The number shall represent all the workers of all facilities/units included in the scope of certification.

- 0,10 ,- EUR (€) per worker.

**Example 1:** A company in 2 countries with 500 workers.

The fee is the Base fee 500 + Country supplement (2x100) 200 = 700 EUR +  
Size-related supplement (500x0.1) 50 EUR  
TOTAL (700+50)= 750,- EUR

**Example 2:** A company in 22 countries with 6000 workers.

The fee is the Base fee 1000 + Country supplement (22x100) 2200 = 3200 EUR +  
Size related supplement (6000x0.1) = 600 EUR  
TOTAL (3200+600)=3800,- EUR

**Example 3:** A company in 40 countries with 8000 workers.

The fee is the Base fee 1000 + Country supplement (40x100) 4000 = 5000 EUR +  
Size related supplement (8000x0.1) 800  
TOTAL (5000+800)=5800,- EUR

# Annex 5: RLWS Principles and Commitments

## Objectives

1. Guarantee that workers earn enough during standard working hours to cover their and their family's essential living expenses (as listed in Annex 1), and improve overall worker well-being.
2. Foster the adoption of wage structures that promote fairness and reduce income inequality.
3. Increase transparency by clearly communicating how wages are determined, adjusted and paid.
4. Support local economies by contributing to the financial growth of local communities and ensuring that workers have sufficient purchasing power.
5. Improve a company's ability to attract and retain skilled workers by offering competitive and fair wages.

## Principles<sup>12</sup>

1. **Fair Compensation:** Ensure that, *or establish a clear plan towards the adoption of*, wages are sufficient to meet the basic needs of workers, including housing, food, healthcare, education, transportation, clothing, water, communication, childcare, household appliances, and unexpected or unforeseen events<sup>13</sup>.
2. **Based on standard working hours:** Ensure that living wages are achievable within normal working hours, as defined by the national legal framework or the ILO (48 hours per week).
3. **Regular Payment:** Ensure that wages and benefits are paid on a timely and predictable basis.
4. **In-Kind Benefits Value:** Ensure that any included in-kind benefits are directly reducing living expenses, are accepted and valued by workers, are accurately assessed into monetary form, and are reliably and regularly provided.
5. **Regular Review:** Periodically reassess the living wage to account for changes in the cost of living and inflation, ensuring it remains adequate over time.
6. **Transparency:** Maintain clear and open communication about how wages are calculated and adjusted, and how the living wage benchmarks are selected.
7. **Worker Well-being:** Consider the overall well-being of workers, including work-life balance, job security, and opportunities for professional development, by ensuring that workers can cover their essential needs and live a decent life.

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<sup>12</sup> Based on ILO and IDH publications.

<sup>13</sup> ILO, "Wage Policies, including Living Wages", (2024)

8. **Gender Equity and Non-Discrimination:** Ensure that wage systems are designed to avoid gender bias and prevent discrimination against vulnerable groups.
9. **Worker involvement and Tripartite Dialogue:** Workers are involved and consulted, to ensure that in-kind benefits are valuable and wage structures are adequate.
10. **Sustainability:** Ensure that the living wage standard is financially sustainable for the company, balancing fair wages with the long-term viability of the business.
11. **Legal Compliance:** Adhere to all relevant labour laws and regulations, ensuring that the living wage standard complements existing legal requirements.
12. **Accuracy:** Ensure that the data is free from bribery, corruption, falsification of records, or deliberate misrepresentation of compliance.

# Annex 6: RLWS Checklist

## Guidance for the Checklist

Which living wage benchmarks are accepted?

Only benchmarks endorsed by IDH or using ILO-endorsed benchmark estimation are accepted by this Standard.

What constitutes "current" or "relevant" wage data?

The worker wage data collected for benchmarking should meet one of the following criteria to be considered "current" or "relevant":

1. If the facility chooses to use living wage benchmarks published quarterly (every four months), the facility must use worker wage data from within twelve months prior to or after the published benchmark;  
**Example:** If the benchmark selected is published in January, then the wage data used must be between January of the previous year, or January of the following year.
2. If the facility chooses to use living wage benchmarks published once per year, the facility must use worker wage data from within twelve months prior to or after the published benchmark.  
**Example:** If the benchmark selected is published in October, then the wage data used must be that of between October of the previous year and October of the following year.

## Checklist Definitions

Definitions	
Wage	Fixed remuneration provided to workers for their standard working hours, paid at a regular frequency.
Living wage	<p>Conceptualised by the International Labour Organisation as:</p> <ul style="list-style-type: none"> <li>- The wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country's circumstances and calculated for the work performed during the normal hours of work</li> <li>- Calculated in accordance with the ILO's principles of estimating the living wage</li> <li>- To be achieved through the wage-setting process in line with ILO principles on wage setting.</li> </ul>

Living wage benchmark	An estimate that represents what a living wage is in a particular location at a particular time.
Living wage gap	The difference between a worker's total remuneration and the living wage benchmark.
Allowances	An amount of money generally provided to workers by the organisation, added to their basic salary to cover specific expenses.
In-kind benefits	In-kind benefits are non-monetary benefits provided to workers by the organisation in addition to salaries or wages. Although they are non-cash, they do hold monetary value.
Indirectly employed workers	Includes workers hired via third party recruiters, employment agencies, or service contracts with third party companies for operations.
High-risk payment methods	Payment methods that are associated to higher risk factors for excessive working hours and occupational health and safety, such as piece-rate work, outsourced homework, day work, etc.
Day work payment system	Workers who are paid by the day of work performed.
Piece-rate payment system	A system in which an organisation pays its workers based on the number of units (or pieces) that they complete, as opposed to paying a salary or fixed hourly wage.
Outsourced homework	Work released from the factory to be completed in the home of the worker.
Informal workers	Workers who do not have secure employment contracts, workers' benefits, social protections or workers' representation.
Vulnerable workers	Workers for whom employment is precarious, poorly paid and sometimes dangerous, and who often suffer from some form of discrimination.
Median	A value lying at the midpoint of a frequency distribution of observed values.

Mean (or average)	The average of a data set, found by adding all numbers together and then dividing the sum of the numbers by the amount of numbers.
Subcontracting / Outsourcing	Workers who are hired by the organisation to perform a specific task/s or service/s. They can be contract workers, freelancers, external service providers, etc.
Agency workers	Workers who are supplied by an employment agency to work for another employer.
Abbreviations	
ILO	International Labour Organisation
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
NN	Non-Negotiable criteria
LWP	Living Wage Pay criteria
E	Essential Living wage criteria
A	Advanced Living wage criteria

## Responsible Living Wage Standard - Scheme Rules v1.0

### RLWS Checklist – requirements

	Classification	Requirement	Checklist Questions	Answer	Explanation	Verification required	Omitted during Surveillance audit	
<b>1.0</b>		<b>Commitment to paying a living wage</b>						
1.1	E	<b>Policy</b>	Does the company have a formal policy that abides by the following requirements: 1. It is endorsed by Senior management; 2. It is reviewed as required, or at least annually; 3. It is applicable to all workers hired directly by the company or employed indirectly by the company; 4. It expresses the commitment of the company to paying a Living wage (as defined by a validated methodology), now or within a specific timeframe in the future (as defined in a roadmap or action plan); 5. It is communicated publicly and proactively to all relevant stakeholders; 6. It refers to specific KPI's / targets for policy implementation.			Upload policy document, proof of endorsement, Proof of policy communication.		
1.2	E	<b>Action plan</b>	Has the company developed a written action plan or roadmap with measurable steps and assigned resources to implement a Living wage strategy?			Upload action plan.		
1.3	A	<b>High-risk payment methods</b>	Has the company identified and taken steps to eliminate high-risk payment methods (e.g., piece-rate payments that suppress wages)?			Provide documentation of wage structures.		
1.4	A	<b>Accountability &amp; Public Reporting</b>	Does the company publish reports on Living Wage commitments and progress?					

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	Classification	Requirement	Checklist Questions	Answer	Explanation	Verification required	Omitted during Surveillance audit
2		<b>Training and communication requirements</b>					
2.1	E	<b>Training</b>	Does the company have a senior management team assigned to oversee the living wage policy?			Provide the names and roles of responsible team members.	
2.2	A		Has the company assigned and trained an adequate team to address complexities related to Living Wage implementation, all of whom are assigned formally to this task (according to their job description)?			Upload training materials, training attendance documents, policy documents showing ongoing staff training, job descriptions of staff, etc..	
2.3	A	<b>Communication</b>	Has the company identified relevant key stakeholders with whom to have open communication on Living wage related policies and reporting?		All relevant external stakeholders the facility should have identified as relevant in their efforts to implement living wage policies and procedures, such as trade union representatives, worker representatives (when no trade unions are present), non-governmental organizations (NGOs), suppliers, clients, etc.	Provide evidence of engagement (e.g., meeting minutes, agreements).	Yes

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	Classification	Requirement	Checklist Questions	Answer	Explanation	Verification required	Omitted during Surveillance audit
3		<b>Supply Chain management &amp; Procurement policies</b>					
3.1	A	<b>Prioritizing High-Risk Supply Chains</b>	Has the company mapped its supply chain to identify the most vulnerable segments?			Provide supply chain risk assessment or supplier requirements.	Yes
3.2	E	<b>Procurement policies</b>	Has the company defined expectations regarding Living wage implementation and criteria to be considered within their procurement policies for Tier 1 and Tier 2 suppliers?		Living wage criteria must include: 1. The external business partners commit to paying a living wage (wages must be benchmarked against one of the IDH endorsed standards) to all their employees; 2. This commitment is endorsed by upper management staff; 3. The external business partners can provide clear payroll records upon request.	Relevant contracts and agreements (such as supplier agreements, objective supplier approval criteria, codes of conduct, etc.) are integrated with the Living wage expectations of those partnering / doing business with the company. Approved supplier lists to verify policy implementation and compliance.	
3.3	A		Does the company have a verification process in place to identify and maintain awareness of all indirectly contracted workers and subcontracting of any activities within the scope of operations within its supply chain?		Indirectly contracted workers include: agency workers, temporary workers, indirectly hired interns or trainees, freelancers, homeworkers, independent contractors, etc.		

**Responsible Living Wage Standard - Scheme Rules v1.0**

	Classification	Requirement	Checklist Questions	Answer	Explanation	Verification required	Omitted during Surveillance audit
<b>4</b>		<b>Legal Awareness Procedures</b>					
4.1	E		Does the company maintain up-to-date documentation on local minimum wage laws and regulations, working hours, overtime payments, maximum working hours, and compulsory benefits and allowances, in order to ensure compliance with such laws?			Meeting minutes, internal procedures, legal logs, legal updates, etc.	
4.2	E		Has the company put a procedure in place that ensures relevant due diligence is up to date and proactive?		The procedure to ensure relevant due diligence can involve an external company that has been contracted to provide this service, or an internal team assigned for the task.	Training schedules, training material, contracts, agreements, job descriptions.	

**Responsible Living Wage Standard - Scheme Rules v1.0**

	Classification	Requirement	Checklist Questions	Answer	Explanation	Verification required	Omitted during Surveillance audit
5		<b>Living Wage Methodology Validation</b>					
5.1	E	<b>Wage Benchmarking &amp; Transparency</b>	Has the company selected a Living Wage benchmark endorsed by the ILO (e.g., Anker Methodology, WageIndicator, Global Living Wage Coalition) to perform the living wage gap analysis?		The company selects and applies a recognized Living Wage benchmark (List all recognized Living wage benchmarks: Anker Methodology, WageIndicator, Global Living Wage Coalition) and ensures transparency in the methodology used.	Provide details of wage benchmarking approach.	Yes
5.2	E		Is the company using a Living wage benchmark for the living wage gap analysis that is relevant and appropriate (as defined by the RLWS) to the worker wage data they wish to analyse?  <i>Refer to the following explanation, the Guidance sheet or the Handbook for more information.</i>		1. When using a benchmark published quarterly, the worker data must be extracted from within that quarter, or; 2. When using a benchmark published yearly, the worker data must be as recent as possible to the gap analysis, from within that same year of the benchmark data.		

**Responsible Living Wage Standard - Scheme Rules v1.0**

	Classification	Requirement	Checklist Questions	Answer	Explanation	Verification required	Omitted during Surveillance audit
<b>6</b>		<b>Working hours requirements</b>					
6.1	<b>E</b>		Are workers informed about working hours and overtime rights during onboarding?			Onboarding documents, onboarding procedures, interview workers, etc.	
6.2	<b>NN</b>		Is all overtime voluntary and free from any form of coercion or penalty for refusal?				
6.3	<b>E</b>		Does the facility have effective systems in place to monitor and ensure that workers' total working hours, including overtime, do not exceed legal or industry limits?				
6.4	<b>E</b>		Does the facility have procedures in place to ensure payroll documents indicate all hours worked, including overtime?				
6.5	<b>E</b>		Does the facility have procedures in place to ensure all workers are paid the legal overtime rate, or in absence of this, the industry minimum?		Legal overtime rate should be prioritised when checking for compliance. In absence of a legal standard, international standards (such as the ILO) should be upheld, generally indicating a rate of 125%.	Payslips, working hours records, contracts.	

**Responsible Living Wage Standard - Scheme Rules v1.0**

	Classification	Requirement	Checklist Questions	Answer	Explanation	Verification required	Omitted during Surveillance audit
<b>7</b>		<b>Payment cycle requirements</b>					
7.1	E	<b>Worker Payments</b>	Are workers paid on time as agreed in contracts, and if not in contracts as defined by the law?			Payslips, working hours records, contracts.	
7.2	NN		Are workers paid at least the minimum wage, as established by law or in absence of this, industry minimum?				
7.3	E		Are wages paid in monetary compensation (excluding in-kind benefits)?				
7.4	E		Are payments accurate according to the worker's signed contract?				
7.5	E	<b>Worker Awareness &amp; Transparency:</b>	Are workers informed of their wages, rights, and deductions via contracts, wage slips, and internal communication?				
7.6	E		Are wage statements provided in a language the worker understands, and accessible (digitally or physically)?				

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7.7	E	<b>Wage Structure &amp; Compliance:</b>	Are wage deductions in line with national laws and CBAs?				
7.8	E		Are legally compulsory bonuses and allowances provided?				
7.9	E		Is legally required leave paid (e.g., parental leave, sick leave, emergency leave)?				
7.10	A	<b>In-Kind Benefits</b>	Do in-kind benefits exceed 30% of total compensation? (If No, skip to Section 8)		30% is established as the limit for allowances and in-kind benefits by the OECD handbook on Living wages and the Anker methodology.		
7.11	A		Do the in-kind benefits given to workers exceed the maximum threshold established by the OECD Handbook for any of the following categories? (If No, SKIP to 8) <ul style="list-style-type: none"> <li>- Food, 10%;</li> <li>- Transportation, 10%;</li> <li>- Child Education support, 10%;</li> <li>- Housing, 15%;</li> <li>- Childcare support, 10%;</li> <li>- Healthcare support 10%.</li> </ul>		Refer to the Guidance sheet for further information.		
7.12	A		If the in-kind benefits given for any of the above categories exceed the maximum threshold set by the OECD Handbook, can the organisation give concrete reasons for this?				

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	Classification	Requirement	Checklist Questions	Answer	Explanation	Verification required	Omitted during Surveillance audit
<b>8</b>		<b>Verification Procedures</b>					
8.1	A	<b>Management system audits</b>	Are annual internal audits carried out to confirm the completeness and accuracy of payment records, working hour records, payslips records, contracts, and grievance logs?			Internal Audit reports with corrections and corrective actions.	
8.2	E		Are the payment records, working hour records, payslips records, contracts, and grievance logs accessible and organized for audit and verification purposes?				
8.3	A		Are the internal audit findings: 1. Communicated to senior management; 2. Analysed as required to determine their root cause; 3. Responded to appropriately, when relevant gaps are found these are mitigated and assigned to specific individuals with a timeline for completion.				
8.4	E		Does the company have procedures in place to ensure all workers are paid at least the legal minimum wage for standard working hours?			Upload payroll samples (anonymized), contracts, wage slips, or HR policies.	
8.5	A	<b>Verification of data used</b>	Is the living wage assessment carried out by an individual or team (as required according to the workload), assigned formally to this task (within their job description)?		The company ensures that wage assessments are conducted properly, and accurately, and reflect Living Wage benchmarks.		

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8.6	E		Is wage data collected using accurate and current payment records (e.g., payroll data, payslips, contracts)?			Payslips, extract from remuneration system	
8.7	E		Is the facilities' entire workforce included in this assessment, including interns, agency-hired workers, third-party workers, and externally hired workers?				
8.8	E	<b>Verification of gap calculation</b>	Does the company determine what amount of workers and percentage of the total workforce earn below the Living Wage benchmark?		Share of those below the Living wage benchmark, in amount of employees and percentage of the total work force.	Provide full Living Wage gap analysis report.	Yes
8.9	E		Does the company measure the gap between the average wage and the Living Wage benchmark?		The mean average is calculated by adding all individual employees' hourly rate of pay and dividing by the total number of employees.	Provide full Living Wage gap analysis report.	
8.10	E		Does the company measure the gap between the median wage and the Living Wage benchmark?		The median average is calculated by listing all employees' hourly rate of pay and finding the midpoint.	Provide full Living Wage gap analysis report.	
8.11	LWP	<b>Living Wage Assessment Results</b>	Are all workers paid at least a living wage? (If Yes, SKIP to 9.3).				
8.12	LWP		Is / are the lowest paid worker/s paid a base wage that makes up at least 70% of the living wage benchmark?				

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	Classification	Requirement	Checklist Questions	Answer	Explanation	Verification required	Omitted during Surveillance audit
<b>9</b>		<b>Corrective and Preventive Actions</b>					
9.1	A	<b>Corrective Actions</b>	Has the facility carried out a root cause analysis, assessing whether it has caused, contributed to, or is linked to the identified wage gaps?			Upload progress reports, audit findings, and action plan updates	
9.2	A		If multiple parties are responsible for the wage gaps, does the facility collaborate with others to develop joint remediation measures?				Yes
9.3	E		Are corrective actions identified by the audits tracked to closure, within the agreed timeframe?				
9.4	E	<b>Providing remediation</b>	Does the facility provide remediation when breaches of contractual wage agreements (wage theft or non-payment of wages) are found?				
9.5	E		Does the facility provide remediation when social contributions are found to be left unpaid to workers?				

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9.6	E	<b>Principles for providing appropriate remediation</b>	Does the remedy meet national laws and international guidelines on remediation where available; where such standards are not available, is the remedy provided consistent with that provided through similar cases?				
9.7	A		Does the facility engage with affected stakeholders in the determination of the remedy?				Yes
9.8	A	<b>Preventative Actions</b>	Does the company's corrective action process include root cause analysis and preventative mechanism implementation?				

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	Classification	Requirement	Checklist Questions	Answer	Explanation	Verification required	Omitted during Surveillance audit
<b>10</b>		<b>Grievance management</b>					
10.1	A	<b>Legitimate remediation processes</b>	Does the facility have effective grievance channels that allow all stakeholders to report work-related complaints in an anonymous manner without fear of retribution?		Stakeholders include both internal and external, such as suppliers, workers, clients, etc.		
10.2	A		Does the facility have procedures in place to investigate reports of work-related violations and/or concerns?			Evidence of communications of these local grievance mechanisms, through meeting minutes, the company website, posters, etc.	
10.3	E		Does the facility respect and not undermine the role of local grievance mechanisms, including judicial and non-judicial mechanisms?				