



**Sustainable Leather Foundation
Standard for Wages and Benefits**

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FSS7 WAGES AND BENEFITS STANDARD AND BENCHMARK

Summary: The SLF *Wages and Benefits Standard and Benchmark* provides the context, definitions, relevant international norms and expectations for fair remuneration. This document gives the facility under audit the principles and general expectations, but it is not exhaustive and recognises that there will be differences within regions for national and local laws.

Where there are matters of interpretation in relation to the standard, applicable laws or organisational norms, the auditor will assess in favour of the employees in that facility.



1. Scope

1.1 The SLF *Wages and Benefits Standard and Benchmark* specify the methods and definitions of fair remuneration for workers employed for specific tasks in facilities operating in the leather value chain. The facilities in the value chain include all facilities from the farm to the end of life of the leather.

1.2 The SLF *Wages and Benefits Standard and Benchmark* is intended to ensure that all workers at an SLF certified facility are paid a living wage commensurate with a normal working week that does not include overtime (see references below for definition of living wage). The living wage should enable the worker to afford a decent standard of living for him/her and a family, which includes food, water, housing, education, health care, transport, clothing and other essential needs. It should also allow for some discretionary income for unforeseen events.

1.3 The SLF *Wages and Benefits Standard and Benchmark* is also concerned with fair and appropriate practices and looks at areas such as equal pay, no financial penalties for disciplinary purposes or deductions for items such as PPE, fair pay for overtime and holiday or sickness pay. Additionally consideration of clearly defined pay slips that are understood by workers and regular payment of wages are all areas that an SLF certified facility will be required to meet standards on.

2. Normative references

2.1 The following references are useful in the understanding of this document and are provided for further guidance. In the case of dispute these references will form the core of the evidence in support of the Standard and Benchmarks used here:

ILO Convention 95 – Protection of Wages Convention, 1949¹

ILO Convention 100 – Equal Remuneration, 1951²

ILO Convention 131 – Minimum wage Fixing, 1970³

ILO Convention 158 – Termination of Employment Convention, 1982⁴

Global Living Wage Coalition⁵

¹ ILO Convention 95 Protection of Wages, 1949

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312240:NO

² ILO Convention 100 Equal Remuneration, 1951

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312245:NO

³ ILO Convention 131 Minimum wage fixing, 1970

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312276:NO

⁴ ILO Convention 158 Termination of Employment Convention, 1982

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312303:NO

⁵ Global Living Wage Coalition <https://www.globallivingwage.org/>



Living Wages Around The World, Manual for Measurement (The Anker Method)⁶

OECD Due Diligence Guidance for Responsible Business Conduct⁷

OECD Due Diligence for Responsible Supply Chains in the Garment and Footwear Sector⁸

UN Guiding Principles on Business and Human Rights⁹

3. Terms and definitions

- 3.1 **Collective Bargaining Agreement:** A contract that specifies the terms and conditions for work, negotiated between a facility (the employer) and a worker organisation
- 3.2 **Preventative Action:** Action to eliminate the cause(s) and root cause(s) of a potential non-conformance.
- 3.3 **Living Wage:** The remuneration received for a standard work week by a worker in a specified facility, that is sufficient to afford a decent standard of living for the worker and his/her family. A living wage shall provide a decent standard of living to include food, water, housing, education, health care, transport, clothing and other essential needs, including discretionary income for unexpected events.
- 3.4 **Minimum Wage:** The lowest remuneration that an employer can legally pay their personnel. The minimum wage may vary from the Living Wage but represents the legal minimum that a company must pay their workforce by law. Some countries may not have a legal minimum wage limit.
- 3.5 **Equal Pay:** The concept of paying an equal amount of pay for the same work irrespective of gender, age, disability, race, religion, sexual orientation or any other discriminatory factor.
- 3.6 **Non-conformance:** Inability to meet the requirements of the standard.
- 3.7 **Facility:** The entirety of the business operation that is responsible for meeting the requirements of this *SLF Wages & Benefits Standard and Benchmark*, including all personnel employed at the facility (e.g. tannery, sub-contracting facility, head office organisation, etc)

⁶ Living Wages Around the World, Manual for Measurement

https://www.google.co.uk/books/edition/Living_Wages_Around_the_World/iFjiDQAAQBAJ?hl=en&gbpv=1&printsec=frontcover

⁷ OECD Due Diligence Guidance for Responsible Business Conduct <http://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

⁸ OECD Due Diligence for Responsible Supply Chains in the Garment and Footwear Sector <https://www.oecd-ilibrary.org/docserver/9789264290587-en.pdf?expires=1625664837&id=id&accname=guest&checksum=C1516BE172307EAE8D7EC925A2553C8B>

⁹ UN Guiding Principles on Business and Human Rights

https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf



- 3.8 **Personnel:** All individuals employed or contracted by the facility to perform specified tasks (e.g. directors, managers, warehouse operatives, cleaners, technicians, etc)
- 3.9 **Worker:** All non-management personnel
- 3.10 **Remediation:** Support and actions implemented to correct the failure of meeting the standard within an agreed time period.

4. Principle

4.1 The principle of the *SLF Wages and Benefits Standard and Benchmark* is based upon the international normative reference of the International Labour Organisation's (ILO) "Protection of Wages" Convention 95 (1949)" that specifies under Articles 1-14:

Article 1

*In this Convention, the term **wages** means remuneration or earnings, however designated or calculated, capable of being expressed in terms of money and fixed by mutual agreement or by national laws or regulations, which are payable in virtue of a written or unwritten contract of employment by an employer to an employed person for work done or to be done or for services rendered or to be rendered.*

Article 2

1. *This Convention applies to all persons to whom wages are paid or payable.*
2. *The competent authority may, after consultation with the organisations of employers and employed persons directly concerned, if such exist, exclude from the application of all or any of the provisions of the Convention categories of persons whose circumstances and conditions of employment are such that the application to them of all or any of the said provisions would be inappropriate and who are not employed in manual labour or are employed in domestic service or work similar thereto.*
3. *Each Member shall indicate in its first annual report upon the application of this Convention submitted under Article 22 of the Constitution of the International Labour Organisation any categories of persons which it proposes to exclude from the application of all or any of the provisions of the Convention in accordance with the provisions of the preceding paragraph; no Member shall, after the date of its first annual report, make exclusions except in respect of categories of persons so indicated.*
4. *Each Member having indicated in its first annual report categories of persons which it proposes to exclude from the application of all or any of the provisions of the Convention shall indicate in subsequent annual reports any categories of persons in respect of which it renounces the right to have recourse to the provisions of paragraph 2 of this Article and any progress which may have been made with a view to the application of the Convention to such categories of persons.*

Article 3

1. *Wages payable in money shall be paid only in legal tender, and payment in the form of promissory notes, vouchers or coupons, or in any other form alleged to represent legal tender, shall be prohibited.*
2. *The competent authority may permit or prescribe the payment of wages by bank cheque or postal cheque or money order in cases in which payment in this manner is customary or is necessary because of special circumstances, or where a collective agreement or arbitration award so provides, or, where not so provided, with the consent of the worker concerned.*



Article 4

1. National laws or regulations, collective agreements or arbitration awards may authorise the partial payment of wages in the form of allowances in kind in industries or occupations in which payment in the form of such allowances is customary or desirable because of the nature of the industry or occupation concerned; the payment of wages in the form of liquor of high alcoholic content or of noxious drugs shall not be permitted in any circumstances.

2. In cases in which partial payment of wages in the form of allowances in kind is authorised, appropriate measures shall be taken to ensure that--

- (a) such allowances are appropriate for the personal use and benefit of the worker and his family; and
- (b) the value attributed to such allowances is fair and reasonable.

Article 5

Wages shall be paid directly to the worker concerned except as may be otherwise provided by national laws or regulations, collective agreement or arbitration award or where the worker concerned has agreed to the contrary.

Article 6

Employers shall be prohibited from limiting in any manner the freedom of the worker to dispose of his wages.

Article 7

1. Where works stores for the sale of commodities to the workers are established or services are operated in connection with an undertaking, the workers concerned shall be free from any coercion to make use of such stores or services.

2. Where access to other stores or services is not possible, the competent authority shall take appropriate measures with the object of ensuring that goods are sold and services provided at fair and reasonable prices, or that stores established and services operated by the employer are not operated for the purpose of securing a profit but for the benefit of the workers concerned.

Article 8

1. Deductions from wages shall be permitted only under conditions and to the extent prescribed by national laws or regulations or fixed by collective agreement or arbitration award.

2. Workers shall be informed, in the manner deemed most appropriate by the competent authority, of the conditions under which and the extent to which such deductions may be made.

Article 9

Any deduction from wages with a view to ensuring a direct or indirect payment for the purpose of obtaining or retaining employment, made by a worker to an employer or his representative or to any intermediary (such as a labour contractor or recruiter), shall be prohibited.

Article 10

1. Wages may be attached or assigned only in a manner and within limits prescribed by national laws or regulations.

2. Wages shall be protected against attachment or assignment to the extent deemed necessary for the maintenance of the worker and his family.

Article 11

1. In the event of the bankruptcy or judicial liquidation of an undertaking, the workers employed therein shall be treated as privileged creditors either as regards wages due to them for service rendered during such a period prior to the bankruptcy or judicial liquidation as may be prescribed by national laws or regulations, or as regards wages up to a prescribed amount as may be determined by national laws or regulations.

2. Wages constituting a privileged debt shall be paid in full before ordinary creditors may establish any claim to a share of the assets.



3. *The relative priority of wages constituting a privileged debt and other privileged debts shall be determined by national laws or regulations.*

Article 12

1. *Wages shall be paid regularly. Except where other appropriate arrangements exist which ensure the payment of wages at regular intervals, the intervals for the payment of wages shall be prescribed by national laws or regulations or fixed by collective agreement or arbitration award.*

2. *Upon the termination of a contract of employment, a final settlement of all wages due shall be effected in accordance with national laws or regulations, collective agreement or arbitration award or, in the absence of any applicable law, regulation, agreement or award, within a reasonable period of time having regard to the terms of the contract.*

Article 13

1. *The payment of wages where made in cash shall be made on working days only and at or near the workplace, except as may be otherwise provided by national laws or regulations, collective agreement or arbitration award, or where other arrangements known to the workers concerned are considered more appropriate.*

2. *Payment of wages in taverns or other similar establishments and, where necessary to prevent abuse, in shops or stores for the retail sale of merchandise and in places of amusement shall be prohibited except in the case of persons employed therein.*

Article 14

Where necessary, effective measures shall be taken to ensure that workers are informed, in an appropriate and easily understandable manner--

(a) before they enter employment and when any changes take place, of the conditions in respect of wages under which they are employed; and

(b) at the time of each payment of wages, of the particulars of their wages for the pay period concerned, in so far as such particulars may be subject to change.

4.2 In addition, the International Labour Organisation's (ILO) "Equal Remuneration" Convention 100 (1951)" that specifies under Articles 1, 2 and 3:

Article 1

For the purpose of this Convention--

*(a) the term **remuneration** includes the ordinary, basic or minimum wage or salary and any additional emoluments whatsoever payable directly or indirectly, whether in cash or in kind, by the employer to the worker and arising out of the worker's employment;*

*(b) the term **equal remuneration for men and women workers for work of equal value** refers to rates of remuneration established without discrimination based on sex.*

Article 2

1. *Each Member shall, by means appropriate to the methods in operation for determining rates of remuneration, promote and, in so far as is consistent with such methods, ensure the application to all workers of the principle of equal remuneration for men and women workers for work of equal value.*

2. *This principle may be applied by means of--*

- *(a) national laws or regulations;*
- *(b) legally established or recognised machinery for wage determination;*
- *(c) collective agreements between employers and workers; or*
- *(d) a combination of these various means.*

Article 3

1. *Where such action will assist in giving effect to the provisions of this Convention measures shall be taken to promote objective appraisal of jobs on the basis of the work to be performed.*



2. *The methods to be followed in this appraisal may be decided upon by the authorities responsible for the determination of rates of remuneration, or, where such rates are determined by collective agreements, by the parties thereto.*

3. *Differential rates between workers which correspond, without regard to sex, to differences, as determined by such objective appraisal, in the work to be performed shall not be considered as being contrary to the principle of equal remuneration for men and women workers for work of equal value.*

4.3 In addition, the International Labour Organisation's (ILO) "Minimum Wage Fixing" Convention 131 (1970) that specifies under Article 3:

The elements to be taken into consideration in determining the level of minimum wages shall, so far as possible and appropriate in relation to national practice and conditions, include--

- *(a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups;*
- *(b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.*

4.4 In addition, the International Labour Organisation's (ILO) "Termination of Employment" Convention 158 (1982) that specifies under Article 12:

1. *A worker whose employment has been terminated shall be entitled, in accordance with national law and practice, to-*

- *(a) a severance allowance or other separation benefits, the amount of which shall be based inter alia on length of service and the level of wages, and paid directly by the employer or by a fund constituted by employers' contributions; or*
- *(b) benefits from unemployment insurance or assistance or other forms of social security, such as old-age or invalidity benefits, under the normal conditions to which such benefits are subject; or*
- *(c) a combination of such allowance and benefits.*

2. *A worker who does not fulfil the qualifying conditions for unemployment insurance or assistance under a scheme of general scope need not be paid any allowance or benefit referred to in paragraph 1, subparagraph (a), of this Article solely because he is not receiving an unemployment benefit under paragraph 1, subparagraph (b).*

3. *Provision may be made by the methods of implementation referred to in Article 1 of this Convention for loss of entitlement to the allowance or benefits referred to in paragraph 1, subparagraph (a), of this Article in the event of termination for serious misconduct.*

4.5 It is recognised that the minimum legal wage may not always be sufficient to meet the minimum living wage requirement and that economic factors may create an imbalance between the two, however, it is expected that if the minimum living wage is not in force at the time of the assessment, that there is a remediation plan to raise remuneration within a specified time period not exceeding 24 months.

4.6 The governing principle of this document is to encourage facilities to actively support the fair payment of a minimum living wage for a normal work week (not including overtime) which is a maximum of 48 hours per week or lower). Additionally, to ensure that all workers if SLF certified facilities are protected with regard to fair, regular remuneration for the work they carry out.



5. Procedure

The facility will provide data and documentation that demonstrates an effective management system to effectively meet the requirements of the SLF *Wages and Benefits Standards and Benchmark* as follows:

- 5.1 Management System: The facility shall have a system in place that permits the company to provide all personnel with contracts of employment, appropriate to the type of work being undertaken and in consideration of:
 - a. Terms of employment, hours of work, holiday entitlement, notice periods, overtime, sick pay and other benefits.
 - b. Place of work including provision and protection for home workers
 - c. Remuneration package

- 5.2 Living Wage Plan: The facility shall have a system in place that permits the company to utilise a progression plan that results in implementation of a living wage for all workers. It shall include:
 - a. Immediate payment of the minimum legal wage or industry minimum standard, whichever is the higher
 - b. A plan that is well-defined and structured on how to reach payment of the minimum living wage and demonstrate progression with social dialogue that includes involvement of workers' representatives.
 - c. A defined date for full living wage implementation within an 18-24 month timeframe of the SLF certification effectiveness date. This defined date shall be commensurate with size of facility and the current gap between minimum legal wage and minimum living wage to be closed.
 - d. Procedures for regular dialogue with workers' representatives, a systematic approach to pay rises in line with the Living Wage Plan and policies to ensure the plan is met.

- 5.3 Wage System: The facility is required to ensure that all information regarding wages and benefits is clear, understandable in writing and provided to the workers for each pay period. The system in place shall ensure that wages are:
 - a. Paid in a convenient method
 - b. Paid in a regular and timely manner
 - c. Accurately calculated
 - d. Understood by workers
 - e. Paid in full without unauthorised deductions
 - f. Paid in accordance with all relevant legislation and any collective bargaining agreements
 - g. Not made up with vouchers or other tie-in purposes
 - h. Given priority over other creditors or financial obligations

5.4 For the purpose of evaluating the living wage, the SLF *Wages and Benefit Standard and Benchmark* recognises the "Anker Method" For Living Wages Around the World, Manual for Measurement. For more information, please see the Global Living Wage Coalition Website where reference calculations are available¹⁰

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¹⁰ <https://www.globallivingwage.org/>