



**THE SUSTAINABLE
DEVELOPMENT
GOALS AND
THE LIVING WAGE**

PHOTO

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FOREWORD

The UN's Sustainable Development Goals call for nothing less than transformational change in each of the inter-linked dimensions of sustainable development – economic, social and environmental. While the scope of the SDGs is broad, improving the lives of the poorest and most vulnerable, leaving no one behind, is an over-arching theme. If we are to achieve the vision set out in the Goals it is absolutely vital that we tackle the fundamental issue of poverty.

This is a hugely ambitious aim, but we can take encouragement from the fact that concerted action in recent years to reduce global poverty levels has produced some very positive results. In 2005, for the first time in recorded history, poverty rates began to fall in every region of the world. The aim set out in the Millennium Goals (the fore-runner of the SDGs) to reduce by half the numbers living in 'extreme poverty', relative to 1990 levels, was met in 2010. This achievement represented over a billion people rising out of extreme poverty.

While this is cause for satisfaction, there is still much to be done. Over 10% of the world's population still has to survive on less than the global poverty threshold of \$1.90 a day. Despite countries like India and China recording massive economic growth in recent years, the great majority of the world's extreme poor still live in Asia and Africa. Also, most of the world's extreme poor live in rural areas where there is very little infrastructure support to alleviate their suffering. What's more, endemic poverty is self-reinforcing and notoriously difficult to eliminate because it acts as a brake on the economic development of the poorest nations by hindering the ability of businesses, both indigenous and foreign, to invest and create jobs.

Helping the poorest in our world by ensuring they are paid a level of wage that enables them to meet their basic needs and those of their families is a key aspiration of the SDGs. As long as workers do not have the income to finance a safe living environment and to feed themselves and their families, they will remain trapped in poverty. Furthermore, there is a risk of a cycle of poverty that ensnares future generations,

posing a continuing threat to the stability and social cohesion of the countries where they live. Co-ordinated efforts to treat workers fairly cannot stop there of course. If individuals are to have incomes they need to have jobs. The SDGs also address this through Goal 8, calling for investment in education and training and sustainable economic growth to create the jobs that will provide the incomes that workers need. The importance of job creation becomes ever more pressing as the world's population increases.

Employers from a range of sectors are demonstrating that paying a fair wage contributes to worker well-being, which in turn leads to better labour relations and higher productivity. Fair wage is also about fundamental labour principles, and respecting the right to collective bargaining is essential in determining what conditions of employment are fair. All responsible companies must consider adopting the good practices described in these pages and embedding a positive culture of fair treatment into their corporate structures and supply chains. There is a strong business case for doing so. Given the uneven record of progress we have seen in the efforts to eradicate poverty, it is crucial that the adoption

of good practice spreads to all economic sectors, including those with traditionally very low wage levels, and all regions, including those more isolated and rural areas where poverty is most deeply entrenched.

This paper has demonstrated that the fair treatment of workers is not only a moral imperative, it is a contributory factor to successful and sustainable commercial activity. There is a strong business case to be made for companies to place a proper financial value on the skills of their workforce and, in arriving at that calculation, to take into account their workers' basic human needs.

I commend the UK Living Wage Foundation for the lead it is showing in promoting the business case for the payment of a decent level of income and demonstrating how it can be adopted in practice. I urge all employers to review their policies and practices in relation to this matter and to commit themselves to making what would be a very significant contribution to the achievement of the UN's transformational vision.

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IN 2015, REPRESENTATIVES FROM 193 COUNTRIES ACROSS THE WORLD VOTED TO COMMIT TO A SET OF 'SUSTAINABLE DEVELOPMENT GOALS', WHICH INCLUDED AN AMBITIOUS SET OF TARGETS TO REDUCE INEQUALITY, END POVERTY AND HUNGER, AND ENSURE DECENT WORK, ECONOMIC GROWTH, GOOD HEALTH AND WELLBEING.

This paper explores how responsible employers can support the achievement of these goals, with contributions from business and civil society. In particular we explore the contribution that the payment of a real Living Wage can make to the achievement of the targets. We aim to demonstrate that paying staff a wage they can live on should be viewed as an investment, not a cost: payment of the Living Wage can help businesses not only to demonstrate their engagement with the global effort to achieve sustainable development but to reap the strategic benefit of having a stable and committed workforce.

WHAT ARE THE SUSTAINABLE DEVELOPMENT GOALS?

The Sustainable Development Goals, commonly referred to as the SDGs, are a series of wide-ranging public policy objectives that have been prepared by and issued by the United Nations (UN). Their purpose is to provide a framework for co-ordinated action, by governments and civil society alike, to address many of the big challenges that the planet is facing in the 21st century, including poverty, inequality and pressure on the environment. The SDG framework comprises the 17 separate goals featured in the graphic opposite - each of the goals is supplemented by a number of detailed performance targets. The UN aims to achieve both the goals and the individual targets by 2030.

All of the goals, and their associated targets, are ambitious and will require concerted and sustained action if they are to be achieved. Many of the individual goals will necessitate action to be taken at the governmental and inter-governmental level. Only at that level can steps be taken to, for example, ensure the provision of education and health care, tackle climate change and ensure strong societal institutions. There is, nonetheless, an important role for civil society, including the business community, to play in respect of at least some of the individual goals. In fact, just as some of the goals can be said to be unachievable without government-level intervention, real progress on others is not likely to be possible without the positive engagement of the private sector.

INTRODUCTION

The SDGs superseded the Millennium Development Goals that were launched by the UN in 2000. Those goals set out a number of measurable objectives for tackling extreme poverty and hunger, preventing deadly diseases and expanding primary education to all children. As a result of concerted action taken in pursuit of those goals, the UN estimates that more than 1 billion people were taken out of extreme poverty, child mortality dropped by half, and HIV/AIDS infections fell by 40%.

The SDGs aim to continue the good work carried out under the aegis of the Millennium Development Goals, but with the adoption of a broader focus on sustainable development. The 17 goals comprise an aggregate of 169 individual targets that all 193 UN member states are expected to work towards via dedicated policies and practices. The goals differ from the Millennium Goals in that they are applicable to countries regardless of income. They are also more far-reaching. For example, five of the SDGs address issues relating to the natural environment, compared to just one of the Millennium Development Goals. Another key difference is the prominent focus, within the SDGs,

on the importance of achieving prosperity, a theme that did not feature in the Millennium Development Goals. This focus on prosperity is intended to encourage governments and civil society to undertake targeted actions to address the position of the poorest paid workers, as part of a co-ordinated drive to achieve global sustainable development.

The SDGs were prepared via an inclusive and democratic process. In 2010, at a time when the Millennium Development Goals were approaching the end of their anticipated cycle, governments agreed that an agenda beyond 2015 was needed. So, at the 2012 UN Conference on Sustainable Development, an intergovernmental project was launched to develop what were to become the SDGs. Over the following two years a working group of 30 representatives from 5 regions engaged in a process of consultation with governments and key stakeholders, including businesses, in 83 nations, and obtained feedback from communities around the world about what a socially and environmentally prosperous world would look like to them.

In 2014 the working group presented its 17 proposed goals to the United Nations General Assembly, where member state representatives drafted the final versions. To ensure that each goal, and associated indicators and targets, were feasible and relevant, they were reviewed by expert groups. At the conclusion of this process the new framework was ratified in 2015 and presented to member states for implementation.¹

The goals are not legally binding on member state governments or civil society, but the UN expects governments to develop strategies to achieve them and to review progress on a periodic basis. A framework of indicators to facilitate such reviews has been prepared by the Economic and Social Council and the UN General Assembly. The UN Secretary General also prepares an annual SDG Progress Report² to summarise the ongoing impact of initiatives to achieve the goals.

INTRODUCTION

THE SDGS AND THE LIVING WAGE

The importance of individuals earning enough money to meet the needs of themselves and their families underpins several of the SDGs, especially those that focus on eradicating poverty, raising standards of health and well-being and ensuring economic growth.

The UNDP says that 'poverty eradication is only possible through stable and well-paid jobs'. This is where the concept of the Living Wage becomes key. A Living Wage means the difference between, on the one hand, subsistence living and, on the other hand, the ability of a worker to meet his or her basic needs and then, potentially, have a modest amount left over to fund the personal consumption activities that can enhance well-being and physical and mental health, and in turn act as a boost to the wider economy. Freeing people from endemic levels of personal debt also has the potential to enable them to consider saving for the future, in order to pay for the education of their children or to make provision for their own security in later life. Retirement provision in many countries is very low: according to the UN only 10% of people in Oceania (excluding Australia and New Zealand) and only 22% of people in sub-Saharan Africa received a pension in 2016.³

The security provided by a real Living Wage, therefore, also underpins many of the wider ambitions represented in the SDGs, such as good health and wellbeing, quality education and gender equality. The graphic below, prepared by SHIFT, suggests that the Living Wage is crucial to eight of the 17 SDGs.



THE LINK BETWEEN THE PROVISION OF A LIVING WAGE AND VARIOUS SDGs

INTRODUCTION

A further, more detailed analysis of the relevance of the Living Wage to individual SDGs is provided below, which identifies the most relevant targets and indicators within individual goals, together with illustrations of how some are relevant to the Living Wage.



TARGET

1.2. By 2030, reduce at least half the proportion of men, women and children of all ages living poverty in all its dimensions according to national definitions.

1.4. By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources.

1.5. By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and bother economic, social and environmental shocks and disasters.

INDICATOR

Financial insecurity not only affects those living under the internationally recognised poverty line of \$1.90 per day, but also negatively affects those that live on a wage of less than the cost of living. The benchmark for the Living Wage varies by country, region, and in some cases cities. Falling behind on bills, borrowing money, and an inability to pay for basic goods and services such as travel to work are all common characteristics of low pay, no matter the location. The Living Wage is essential in allowing people to make savings, and as a result be more resilient to economic shocks.



TARGET

2.1. By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, to safe, nutritious and sufficient food all year round.

INDICATOR

The calculation of the Living Wage considers the cost of a healthy and balanced diet. The reality for worked on less than the Living Wage around the world is that they are unable to achieve this. In the UK, 37% of working parents surveyed who earn a low income said that they skip meals due to financial pressures (p.3 Life of Low Pay).



TARGET

3.4. By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

3.8. Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

INDICATOR

In the UK 71% of working parents surveyed who earn less than the Living Wage said that they worry so much about expenses that their daily life is affected, and 35% of people said that they often feel lonely as they are unable to regularly socialise. By contrast, 81% said that the Living Wage would improve their family life (p.3-4 Life on Low Pay). In some contexts, the Living Wage also means the difference between individuals affording essential medicines and health-care services and / or having to regularly work overtime or multiple jobs.



TARGET

4.1. By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.

INDICATOR

Education is recognised as a universal human right, and a powerful tool in advancing a child's future. In some contexts, without a Living Wage, workers cannot afford to support their families alone, and require that their child(ren) work. In the USA, the Joseph Rowntree Foundation conducted a study in 2013 that showed children from low income backgrounds, generally do less well in education. The study did acknowledge factors that impact this, including the level of education parents have, however 'having more money directly improves the development and level of achievement of children' (<https://www.jrf.org.uk/report/does-money-affect-children's-outcomes>).



TARGET

5.1. End all forms of discrimination against all women and girls everywhere.

5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

INDICATOR

3.4 million females in the UK earn less than the Living Wage. This is significantly more than the 2.1 million males earning below the Living Wage (p.3 <https://home.kpmg.com/uk/en/home/insights/2017/11/kpmg-living-wage-research-2017.html>). This correlates with the general global trend of women receiving lower wages than men, as reported by the World Economic Forum in 2017, which stated the global wage disparity to be 32% (p.vii http://www3.weforum.org/docs/WEF_GGGR_2017.pdf).



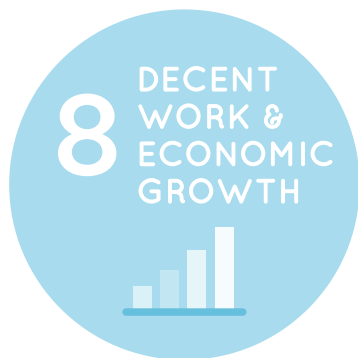
TARGET

6.1. By 2030, achieve universal and equitable access to safe and affordable drinking water for all.

INDICATOR

2.1 billion people worldwide lack access to safe and affordable drinking water, and more than 4.5 billion lack sanitary toilet facilities. There is an intrinsic link between poverty and access to water, and subsequent harmful issues such as health (Progress on drinking water, sanitation and hygiene: 2017 update and SDG baselines, WHO and UNICEF).





TARGET

8.1. Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.

8.5. By 2030, achieve full and productive employment and decent work for all and equal pay for work of equal value.

INDICATOR

Wealth inequality not only impacts low income individuals (including sense of self-worth), but can also pose harm to economic growth and social and political cohesion. As well as the availability of safe work and decent work, fair wages to all has a huge impact on individuals, families, businesses and economies. Living Wage Foundation impact data from businesses in the UK showed that 75% of businesses surveyed saw an improvement in employee motivation and retention when they gave employees a pay rise to the Living Wage rate. This in turn translates to productivity, which spurs economic growth.



TARGET

10.1. By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.

INDICATOR

According to PWC, in both developed and developing countries, the poorest half of the population often controls less than 10% of its wealth. This can have a devastating impact on society and families, including restricted productivity, and a lack of social mobility between generations. Of the worlds developed

countries, the UK and USA have the most wealth inequality and linked to SDG 8, work cannot guarantee a reduction in inequality and poverty (<https://dm.pwc.com/SDGSelector/Resources/10.pdf>). In the UK 1 in 5 worked (5.5 million people) earn less than the Living Wage and 67% of children in poverty live in a family where at least one person works (<https://www.cpag.org.uk/content/child-poverty-facts-and-figures>). Real Living Wages are a powerful and direct way of reducing income inequality, helping families to participate fully in society.

INTRODUCTION

Very low levels of income are of course usually associated with developing countries, where the widespread absence of social protection systems serves to exacerbate financial pressures on workers and their families. As a specific example of the sort of low wage environment that is widespread in the developing world, in Tiruppur, a city in Southern India known for its garment and textile industry, the average wage of the majority of workers is Rs. 9,553 per month. Though this is considerably more than the government minimum wage (Rs. 7,962), it still falls short of the Rs. 13,817 (\$207) wage per month that it is estimated people need to make ends meet in Tiruppur. The consequences of this are that many garment workers have a diet deficient in adequate nutrition, substandard housing, and a lack of recreational activities.⁴ While the concentration of extreme poverty is still to be found in developing countries it is important to recognise that wage inequality is a global problem and not something that only affects the poorest parts of the world. The gap between real wage levels for large sections of the population, and what people need to live a healthy and fulfilled life, is an issue in all 193 UN member states, and inequality

has been growing.⁵ In the UK, it is estimated that 5.5 million people, or one in five of the working population, earn less than the real Living Wage based on what they need to get by.⁶ Though the relative position of employees in the UK and India differs greatly, low pay in any context has similar symptoms in that it prevents economic and social mobility and inhibits access to basic goods and services.⁷ Addressing such obstacles to individual and collective well-being, via the payment of a Living Wage, is, therefore, a tangible way in which each individual business can contribute to social progress.

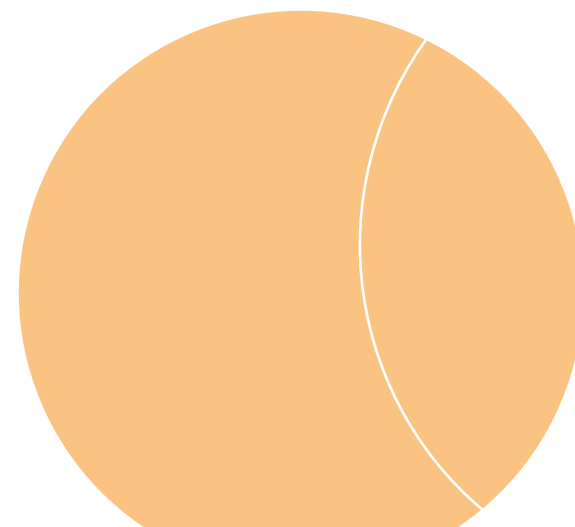
This paper brings together contributors from business and civil society to explore what forces are driving the interest of the business community in the SDGs, what actions companies are already taking to adopt them, and what help is available to encourage them to investigate the issue further. Chapter one looks at the progress and activity some employers have made to implement and support the SDGs. Chapter two summarises some of the civil society activity and campaigns for the implementation of Living Wages and how these support the SDGs.

CHAPTER ONE

Employer Action on the SDGs

CHAPTER TWO

Civil Society



The background is a light beige, textured surface. It features several overlapping circles in white and teal. A large teal circle is in the top right corner, and another is in the bottom right corner. A white circle is in the top left corner, and another is in the bottom left corner. A dotted teal border frames the central text.

Chapter One

EMPLOYER ACTION ON THE SDGs

THERE IS A LONG-STANDING VIEW IN SOME QUARTERS THAT SOCIAL GOALS INEVITABLY RUN COUNTER TO THE INTERESTS OF BUSINESS.

But even though the SDGs have only been in existence since 2015, there is plenty of evidence already that businesses around the world are supporting the rationale that underpins the goals and taking positive steps to incorporate them into their strategies and business models. Some of the specific actions being taken in this direction are explored in this section.

It will always be down to each individual business to decide whether, and if so how, to incorporate drivers of wider behaviour into its business planning. But developments in the business and regulatory environments, in addition to the SDGs themselves, are today combining to encourage companies to recognise the positive correlation between the adoption of a wider understanding of the risk environment and their own commercial self-interest. In fact, the experience of many businesses, as exemplified in the case studies that follow, suggest that without a keen understanding of these external drivers of behaviour, business competitiveness could suffer. The environmental factors that all responsible businesses should be alert to include the matters outlined below.

MULTI-STAKEHOLDER FOCUS

It is becoming increasingly recognised, throughout the commercial world, that while businesses have a perfect right to focus on making profits, sustainable profitability, for most businesses, depends on their recognising the inter-dependence of their links with other parties and interests. This means that a business should be aware of the impact that its decisions and actions are likely to have on parties such as its employees, its customers, its regulators, the natural environment and the general public, and should be aiming to make decisions and undertake actions that promote mutually beneficial relationships with key stakeholders. In a competitive marketplace, made more competitive by the internet and social media, businesses that fail to navigate safely through their networks of stakeholder relationships risk provoking adverse customer, shareholder and regulatory reaction.

REGULATORY CHANGE

Businesses are increasingly becoming subject to legal and regulatory measures that address issues of socially responsible business conduct. Such measures include controls on carbon emissions and the prevention of money laundering, measures to combat slavery in supply chains and requirements to ensure fair treatment and pay for both sexes. For larger businesses, these measures invariably carry a responsibility to ensure that suitable controls are implemented and applied throughout their group structures and supply chains.

NON-FINANCIAL REPORTING

It is now standard practice for large companies to be required, either by law or market authorities, to produce non-financial reports in which they give a rounded assessment of their performance in the context of their wider strategic plans and business models. These reports are frequently required to disclose detailed information about policies and practices in relation to matters such as the environment, directors' pay levels, employee relationships and even human rights.

EMPLOYER ACTION

INVESTOR SCRUTINY

Investor groups today place great importance on how companies are addressing and mitigating the extended range of risks that they face in conducting their operations. They are also much more concerned to establish the steps that companies are taking to bring about long-term profitability. Mainstream investors, most notably Blackrock, have intervened in the recent past when they have considered that companies' eagerness to distribute profits to shareholders, rather than to re-invest them in the business, has threatened the ability of the companies concerned to make profits and deliver investment returns over the longer term. As well as mainstream investors, we now have many investor groups that specialise in 'socially responsible' investment opportunities and encourage companies to adjust their business practices so as to render themselves more attractive to groups like them. The evolution of thinking within the investment community in recent years, so as to manifest a heightened focus on risk and long-term planning, has become an integral feature of the finance environment for large companies world-wide.

TRUST

At a time when trust in government and the media appears to be falling in many parts of the world, the business community is still looked upon relatively favourably on this score, and thus, potentially, has the opportunity to tap further into a large reservoir of stakeholder goodwill. According to the 2018 Edelman Trust Barometer, two thirds of 33,000 survey respondents said that they trusted companies to pursue simultaneously the goals of recording profits and improving economic and social conditions, and a similar proportion said that they trusted employers to 'do the right thing'. Nearly 70% of respondents said that the first priority of a CEO should always be to ensure that their company is trusted. These findings serve to suggest an important connection between socially responsible conduct and sustainable profitability.

In the light of the matters outlined above, the SDGs offer businesses a unifying framework of action which can help them tackle the challenges they face in a co-ordinated way. In the following section we look at a number of initiatives being taken by five Living Wage accredited employers - HSBC, Burberry, IKEA, Aviva and KPMG in the UK - who have been actively involved and supportive of the SDGs. Below they share how they see the business case for adoption of the SDGs, and in particular the Living Wage.

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HSBC

HSBC BELIEVES IT HAS A CORPORATE RESPONSIBILITY TO CONTRIBUTE TO THE GLOBALLY AGREED FRAMEWORK OF ACTION THAT IS REPRESENTED BY THE SUSTAINABLE DEVELOPMENT GOALS (SDGS).

We also see our support for the goals as helping us achieve our own corporate ambitions. By helping us to align our values, conduct and business activities, the SDGs provide a context for our long-term plans and provide reporting criteria which enable us to promote HSBC as the world's leading international bank and a leading global bank for sustainable finance.

We are undertaking a range of activities that aim to contribute to the achievement of the outcomes inherent in the goals. We have adopted a new approach to sustainable development which focuses on three main areas: sustainable finance, sustainable networks and entrepreneurship, and future skills.

For more than a decade, HSBC has been at the forefront of the sustainable finance market, and we are setting ourselves a number of targets in this area, including a target to make available \$100bn worth of sustainable finance. One notable HSBC initiative has been to launch a new type of sustainable bond based on the provisions of the SDGs. This is the first time that a private sector entity has issued a benchmark-size bond of this type and reflects HSBC's commitment to financing projects that benefit communities and the environment.

The \$1 billion raised from the HSBC SDG bond, which matures in 2023 and was three times oversubscribed, will be used to support projects that offer broad social, economic and environmental benefits as aligned to seven selected SDG targets. The beneficiaries could include hospitals, schools, small-scale renewable power plants and public rail systems. Patricia Espinosa, Executive Secretary of UN Climate Change, said: "A dramatic expansion in creative financing is going to be crucial for catalysing the transition to a low carbon, sustainable world. It is happening, but needs to happen with greater urgency, speed and scale. So, congratulations to HSBC for this innovation and its explicit support for the SDGs and the Paris Climate Change Agreement—we look forward to many more financial institutions following suit."

We consider that the Living Wage has a role to play in bringing about the aims of the SDGs and represents one of the ways in which businesses of all sizes can contribute actively to their achievement. HSBC has been a long-standing supporter of the Living Wage movement and, while we decided to become a fully accredited UK Living Wage Employer only in 2014, we had in fact been paying the Living Wage for a number of years before that date. For HSBC, paying the Living Wage fits naturally within our ethos of supporting the long-term prosperity of the communities we serve.

BURBERRY

AS A GLOBAL LUXURY RETAILER AND MANUFACTURER, WITH OVER 10,000 EMPLOYEES, 400 RETAIL LOCATIONS AND A SUPPLY CHAIN TOUCHING THE LIVES OF THOUSANDS OF PEOPLE WORLDWIDE, BURBERRY IS PASSIONATE ABOUT DRIVING POSITIVE CHANGE FOR OUR INDUSTRY, OUR COMMUNITIES AND THE ENVIRONMENT, AND BUILDING A MORE SUSTAINABLE FUTURE THROUGH INNOVATION.

At Burberry, we are passionate about driving positive change and building a more sustainable future. In 2004, we established our global ethical trading programme, followed by our community investment and environmental programmes.

Reflecting both structural and operational changes Our Responsibility has continued to evolve, shaped by our own experiences, insight and feedback from key stakeholders, as well as global initiatives such as the Paris Climate Agreement and the UN's SDGs.

In 2017, we launched our latest five-year Responsibility strategy, which sets out ambitious goals to address our most material social and environmental impacts by 2022. Our strategy sits across Burberry's entire footprint and aims to:

- Positively impact one million people, by investing in the communities which sustain our business and the wider luxury industry. To achieve this goal, Burberry is supporting the Burberry Foundation to create long-term partnerships that transform our communities. By 2022, we hope to tackle educational inequality and enhance career advice for young people in the UK, foster community cohesion and support youth employability in Italy, and support the social and economic empowerment of rural communities in Afghanistan.
- Drive positive change through all our products by championing the use of more sustainable raw materials, enhancing worker livelihoods and wellbeing in our supply chain, and supporting our supply chain partners in reducing their environmental impacts.

- Become carbon neutral in our operations and revalue waste, inventing new approaches to waste, driving resource efficiency, and sourcing 100% of our energy from renewable sources.

Our goals support several of the UN SDGs, notably Quality Education (Goal 4), Decent Work and Economic Growth (Goal 8), Industry, Innovation and Infrastructure (Goal 9) and Climate Action (Goal 13).

We believe that cross-industry collaboration is key to achieve the UN's SDGs, with government, the private sector and civil society working towards a shared vision. We are committed to working with industry peers and key stakeholders to find long-term solutions and promote wider industry change.

With this in mind, and in support of the specific goal of Decent Work and Economic Growth, we started engaging with the Living Wage Foundation in 2015 when we became the first luxury retailer and manufacturer to be accredited as a UK Living Wage Employer. We subsequently became a Principal Partner of the Living Wage Foundation in 2016, increasing our support for the initiative as it grows and develops. We have collaborated with the Living Wage Foundation to expand its work beyond the UK, with the ambition to promote a global living wage standard.

We believe that paying a living wage is one of the ways businesses can contribute to the goal of Decent Work and Economic Growth. A decent wage contributes to workers' wellbeing and meaningful employment. For us, it can be a life-changing factor for workers, enhancing their family life and allowing them to participate more fully in society.

IKEA

AS A VALUES-DRIVEN AND GLOBAL ORGANISATION, IKEA FULLY SUPPORTS THE SDGS IN THEIR AMBITION TO ACHIEVE A BETTER WORLD FOR ALL.

IKEA is guided by a vision “to create a better everyday life for the many people”, an ethos that extends to our co-workers just as much as to our customers. IKEA firmly believes that co-workers are at the heart of what makes our business successful.

As part of our commitment to co-workers, we believe in paying a meaningful wage for all, regardless of age, ethnicity, gender, department or position. IKEA UK has been a principal partner of the Living Wage Foundation since April 2016, when we were the first national retailer in the UK to have that status and support the work the Foundation is doing on issues that are integral to our business and our values.

Following our introduction of the real Living Wage across our UK business, our co-workers have highlighted the genuine difference it makes to their everyday lives. For example, Max, a co-worker at IKEA Gateshead, said: “Being on the real Living Wage has been a life-changing experience for me. As well as fulfilling my dream of becoming a home-owner, I’ve also been able to fully furnish my flat and install a brand-new kitchen, which I thought would take me years to afford.”

For us, offering co-workers the real Living Wage is not only the right thing to do, but it also makes good business sense. This is especially important as we continue to expand in the UK by building more stores and creating more jobs.

We don’t view the real Living Wage as a cost but rather as a long-term investment. Based on our values, and our commitments to meeting our co-workers’ basic needs and investing in our people, we will develop our business and deliver great results. Happy co-workers lead to happy customers.

Commitment to paying the Living Wage can form part of a wider strategy. In our case it is just one part of IKEA’s holistic aim of enhancing co-worker satisfaction across the board. In 2017, IKEA announced that all retail co-workers are to be guaranteed at least one weekend off in every four, while each year, every co-worker is to be rewarded with the One IKEA Bonus. We’re also giving co-workers their rotas at least four weeks in advance and ensuring they have the right contracts in order to reduce underemployment.

Our vision extends beyond our co-workers alone and we recognise the importance of partnering with third parties who share our values, working closely with our key suppliers to support them in moving to the Living Wage Foundation’s rates. We are taking a phased approach to the process, beginning with the first set of suppliers on our sites moving to a real living wage from April 2019.

In our experience, paying the Living Wage helps companies to attract and retain a talented workforce, which we consider is key to lasting business success. On a wider level it helps them to contribute actively to the global action plan represented by the SDGs.-

AVIVA

AVIVA PLC AND AVIVA INVESTORS (AVIVA'S GLOBAL ASSET MANAGEMENT COMPANY) PLAY A LEADING ROLE IN EFFORTS TO PROMOTE SOCIAL RESPONSIBILITY IN THE GLOBAL BUSINESS COMMUNITY, INSPIRED BY THE SUSTAINABLE DEVELOPMENT GOALS (SDGS).

Addressing the UN General Assembly at the launch of the SDGs in 2015, we called on the best minds in the UN and the financial world to work together to mobilise private finance and put capital markets onto a more sustainable footing, by launching a consultation on the foundation of the World Benchmarking Alliance (WBA). A year of international consultations, expert meetings, and online surveys, with more than 10,000 stakeholders representing business, civil society, government and consumers themselves, followed. Then in September 2018 Aviva alongside the Index Initiative, and the United Nations Foundation announced the launch of the WBA, with the aim of helping businesses do more to achieve the Sustainable Development Goals (SDGs). The WBA will develop free, publicly available benchmarks which rank companies on their contributions to achieving the SDGs. The first set of benchmarks will be published in 2020 and will address food and agriculture, climate and energy, digital inclusion and gender equality and empowerment.⁸

We believe that high-level projects such as these are key to ensuring that businesses and their stakeholders have the information they need to enable them to work towards the achievement of the SDGs and are important drivers of business behaviour.

In addition to projects of this kind, Aviva plc. is fully engaged at the corporate level in applying a range of environmental, social and governance policies in our own operational activities. For example, we have had a long association with the Living Wage as an early adopter of the London rate and more recently as a Principal Partner of the Living Wage Foundation. Aviva is a fully accredited Living Wage employer and all our employees, including those of our third-party suppliers who work on Aviva sites, receive at least the real Living Wage.

“WE CAN HAVE THE MAXIMUM POSITIVE IMPACT IN DELIVERING THE GOALS BY WORKING WITH EXPERTS, SHARING OUR OWN EXPERTISE AND MAKING THE RIGHT INVESTMENTS TO DELIVER A WHOLE RANGE OF OUTCOMES. THE GOALS PRESENT A HUGE GLOBAL OPPORTUNITY – AND A HUGE GLOBAL RESPONSIBILITY.”

**MAURICE TULLOCH,
AVIVA GROUP CEO**

EMPLOYER ACTION: CASE STUDIES

What's more, Aviva Investors has a 40-year heritage in responsible investment. This includes:

- Enhancing the way we integrate environmental, social and governance (ESG) considerations into our investment decisions;
- Acting as responsible stewards of our investments, through our Annual General Meeting (AGM) voting and engagement activities; and
- Using our influence and experience to drive sustainable market-wide capital markets reform

Aviva Investors was also a founding partner in the Corporate Human Rights Benchmark, a unique collaboration led by investors and civil society organisations dedicated to creating the first open and public benchmark of corporate human rights performance. In addition, it was instrumental in launching the Sustainable Stock Exchange (SSE), a peer-to-peer learning platform which explores how exchanges, in collaboration with investors, regulators and companies, can enhance corporate transparency - and ultimately performance - on environmental, social and governance issues.

As part of their work, the Global Responsible Investment team at Aviva Investors actively engages with FTSE 100 firms and beyond to encourage Living Wage accreditation, and the issue of the Living Wage forms an integral part of the team's Annual General Meeting voting policy. At present, the team is seeking to take the Living Wage concept one step further by undertaking a collaborative project which involves, additionally, Southampton Business School and the Living Wage Foundation with the support of Economics and Social Research Council. The primary objective of the study is to understand the investor perspective on Living Wage accreditation and the perceived benefits of accreditation; the secondary objective is to determine how accreditation impacts on company valuation. Ultimately, the aim is to build an investment case for the acquisition of Living Wage accreditation.

Aviva Investors believes that adoption of the Living Wage will be cost effective to employers in the longer term and will make a valuable contribution to the achievement of the SDGs, especially those which address the promotion of decent work and reduction of inequalities.

KPMG

The Living Wage may be only one among many constituent elements of the SDGs but it has the potential to play a transformative role in people's lives and, in the process, combat poverty and reduce inequalities.

All too often, poverty is looked at in its extreme terms (those that live on less than US\$1.90 per day). Global economic growth since the turn of the century, however, has meant the share of the world's population living on less than US\$1.90 per day dropped from 27% to 9%⁹.

This change means there are now several hundred million people living on low-incomes as opposed to extreme poverty. Despite the undeniable progress, this masks the reality. Many of the people who have graduated to be part of the low-income populous are still on the edge of the global poverty line, living on about US\$3 a day. The reality for this group of people is that they are unable to save for the future, and a simple economic shock, such as sickness or a family death, can see them slip back into extreme poverty.

The SDGs have, as their ultimate indicator of success, the eradication of extreme poverty (SDG1). Given the fragility of the low-income population, the goals don't just focus on extreme poverty, but promote inclusive and sustainable economic growth, employment and decent work for all (SDG8) and reducing inequality within and between countries (SDG10).

KPMG is committed to the SDGs and believes in the role of business to promote inclusive economic growth. We also believe that investment in education and lifelong learning (SDG4) is one of the most important catalysts for addressing formidable societal issues, including income disparity and youth unemployment. Everyone, everywhere, deserves the educational opportunity to achieve their full potential and to be given an antidote to instability, inequality and disruption.

Furthermore, we believe that the SDGs are helping to revitalise global partnerships (SDG17). This is why, in association with the UN Global Compact, we published the SDG Industry Matrix¹⁰, a collection of six reports, focusing on six different sectors, that explores the experience of a range of individual private sector businesses in endeavouring to incorporate the SDGs into their business strategies.

As part of its commitment to SDG4 and social mobility, KPMG in the UK was a leading business in paying the Living Wage to all its staff and contractors, as well as encouraging others within its supply chain to do the same. This is not only a key element of the contribution that the business community can make to achieving the SDGs, it also makes economic and

business sense and aligns with KPMG's core values 'we respect the individual' and 'we are committed to our communities'.

Through paying the real Living Wage, KPMG in the UK has seen real, tangible business benefits from the impact on its contracted staff; from improving employee morale and a rise in service standards, to retention and increased productivity. Additionally, fair-pay is a fundamental driver of social mobility. This is why KPMG in the UK remains committed to both paying the Living Wage and supporting its growth.

The background is a light beige, textured paper. It features several green circles of various sizes and colors (solid and outline). A prominent dotted green border frames the central text area.

Chapter Two

**CIVIL
SOCIETY**

AS THE ADOPTERS OF THE SDGS, NATIONAL GOVERNMENTS HAVE PRIMARY RESPONSIBILITY FOR DELIVERING THE OUTCOMES SET OUT IN THEM. THEY ARE SUPPOSED TO TAKE THE LEAD, TO CO-ORDINATE NATIONAL RESPONSES AND TO MEASURE AND REPORT ON PROGRESS MADE.

The limitations of what can be achieved by government action alone have, however, become increasingly evident since the financial crisis of 2007-8. The fall-out from that crisis has resulted, in some cases, in the government sector shrinking away from areas of operation in which it may previously have been expected to be the dominant player in terms of promoting and ensuring good practice, leaving charities, trade unions, interest groups and other civil society organisations to fill the gap.

While the extent of direct involvement on the part of national governments may have diminished, this does not mean that progress towards the UN's goals is necessarily held up. The previous section has illustrated the positive action that individual

employers are already taking in order to bring about mutually beneficial change, and the UN has expressly acknowledged that achievement of the SDGs will require significant input from both the private sector and civil society groups, working with government and independently of it.

It is fair to say that civil society has in fact led the call for a Living Wage for all. In recent years NGOs have conducted extensive research into wage levels in a range of countries and economic sectors, highlighting wage levels that leave workers in in-work poverty and pointing out the key barriers to the adoption of a real Living Wage, such as inadequate minimum wages, barriers to collective bargaining between employers and trade unions, and the downward pressure on prices from sourcing companies/lead firms.

In the last five years a range of initiatives have been undertaken to try to dismantle these barriers. As an example, in 2013 a study¹¹ undertaken by Oxfam and the Ethical Tea Partnership looked into working conditions in tea estates in Malawi, Assam (India) and Indonesia. It found that, even factoring in the value of in-kind benefits, wages paid by estate owners were below the locally-recognised poverty line, and in the case of Malawi, below the extreme poverty line. The brands and retailers that sponsored the study accepted the findings, then committed to tackle the problems identified. A Living Wage benchmark study¹² was commissioned, which showed that wages would need to more than double to achieve the benchmark,

a major undertaking for the tea production industry in the context of a highly competitive market.

In 2015, 21 buyers and the local producer association signed a Memorandum of Understanding¹³ committing signatories to work towards compliance with the Living Wage benchmark by 2020. Since the agreement was signed, wages have increased in real terms and a collective bargaining agreement has been agreed between the Tea Association of Malawi and The Plantation and Allied Workers Union (PAWU). A novel Price Discovery Tool has been developed to enable buyers to calculate the contribution they need to make so that the cost of the increases does not fall solely on the producers. However, with tea products typically being a blend from different origins, both buyers and producers struggle to make the 'business case' for paying voluntary premiums to raise workers' wages without any commensurate 'reward' in brand or marketing terms, which hinders progress.

When the government of Myanmar announced its proposed national minimum wage in July 2015, 200 local businesses called for an opt-out¹⁴, claiming that paying it would make their businesses unsustainable. A coalition of civil society organisations, including Oxfam, the Ethical Trading Initiative (ETI) and Fair Labor Association, together with a number of European and US brands (including Tesco, Marks & Spencer, Primark and Gap) wrote to the Myanmar government, arguing that 'a minimum wage that has been negotiated by all parties will attract rather than

deter international companies from buying garments from Myanmar'. Following the intervention, and the debate it generated, the call for an opt-out was rejected and the new minimum wage came into force in September 2015.

In South America, the World Banana Forum has facilitated multi-stakeholder dialogue on a range of issues facing the industry, bringing together trade unions, producer organisations and governments. This dialogue has led to some governments making significant increases in their national minimum wage. The government of Ecuador, for example, has increased its minimum wage steadily so that it now meets a benchmark of 'dignity wage', a formula that links basic family needs and average number of earners per household. As a means of enforcing the new rule, companies are not allowed to distribute profits to their shareholders until employees have been paid the revised minimum wage. According to the director of NGO BananaLink¹⁵, an active player in the World Banana Forum, Ecuador's move has been welcomed by major employers, including the banana producing and exporting companies.

Thus, civil society can make and is making a real difference, not only in respect of the Living Wage but of many other contributory elements of the SDGs. Enlightened employers and civil society groups can work together successfully to chart ways forward

that seek to bring about sustainable and mutually beneficial change in the workplace. While such efforts will no doubt continue, the active commitment on the part of government to the principles which underpin the SDGs is essential, not least in order to counter arguments that are sometimes forthcoming which oppose the imposition of any additional costs on business. The willingness of government to intervene, where necessary, to protect the legitimate interests of workers, farmers, communities and the environment, through legislation, supervision or binding regulation, is essential. Proportionate regulation will always seek to create a level playing field for business, where all employers are aware of certain ground rules and where progressive employers are not subjected to competitive disadvantage. Where there is no level playing field, efforts to achieve comprehensive progress will be made more difficult.

As the UN has said, the achievement of the SDGs calls for a collaborative approach whereby different parties contribute to the overall effort in their different ways. The examples above and below show how civil society groups can play their part in bringing about change, both by supporting the private sector and, where appropriate, by challenging practices that are unfair or inconsistent with the SDG goals. Experience to date suggests that significant progress can be made by persuading employers of the business and moral case for the Living Wage and securing their

positive engagement for the adoption of supportive policies throughout their group structures and supply chains. As pointed out elsewhere in this paper, employers who commit themselves to Living Wage policies and practices will also be able to demonstrate and communicate the fact that they are making a meaningful contribution to the achievement of the ambitious global plan.

In the following section we have contributions from two global civil society organisations spearheading the campaign for Living Wages: Oxfam and the Global Living Wage Coalition. There are also opinion pieces from Citizens UK, TUC and the UK Living Wage Foundation on the interconnectivity between Living Wages and the SDGs.

UK LIVING WAGE FOUNDATION & CITIZENS UK

REAL, SUSTAINABLE CHANGE, THE KIND THAT MEETS THE NEEDS OF INDIVIDUALS, FAMILIES AND COMMUNITIES, HAS CIVIL SOCIETY AT ITS CENTRE. IT IS THE RESULT OF ORGANISED COMMUNITIES COMING TOGETHER TO TACKLE INJUSTICES IN THEIR NEIGHBOURHOODS.

This is true of the UK campaign for a London Living Wage, which began in East London, where cleaners working in the City were often having to work multiple jobs and long hours just to keep their heads above water. With support from community organisers from Citizens UK, workers began a Living Wage campaign, calling on organisations in East London to commit to pay all their workers, including outsourced and contract workers, a Living Wage. In 2011 the Living Wage Foundation was established to campaign for a Living Wage throughout the UK, and since then the campaign has won over £850 million of additional wages and lifted over 190,000 people out of working poverty.

The success of the Living Wage campaign, and the integral role played by community organising, provides important lessons for poverty reduction strategies and meeting the UN's SDGs. Poverty is a global scourge affecting millions, and in-work poverty, where wages fail to cover basic necessities, continues to diminish quality of life, entrench generational social exclusion, and lock workers and families into deprivation and precariousness.

The UK Living Wage Foundation (LWF) is now leading the way in the search for practical global solutions that could help employers and civil society groups across the world tackle in-work poverty through increased payment of Living Wages.

In 2015 the Living Wage Foundation coordinated an extensive international multi-stakeholder engagement exercise to explore global thinking about how Living Wages are calculated and put into practice. A set of core Living Wage Principles were developed that could inform of a more unified approach to building a global Living Wage movement, which are:

1. A Living Wage should be calculated by reference to the income an individual needs to earn in order to live a decent life (where basic standards of living are met) and to participate fully in society
2. The Living Wage for any country and location should be set by reference to local living standards and needs
3. The Living Wage should be set in a transparent way, independent of control or manipulation by government, employers or other parties

OVER
4,000
EMPLOYERS
IN THE UK ARE
ACCREDITED AS
LIVING WAGE
EMPLOYERS

CIVIL SOCIETY: CASE STUDIES

4. A Living Wage should be sufficient to pay for a locally agreed basket of goods, which is likely to include food, housing, utilities, transport, a degree of leisure and potentially education, health insurance, childcare, servicing debt and savings. A Living Wage is likely to include support for family members as needed in the local context
5. A Living Wage should be paid to all employees (male and female) over a locally agreed minimum working age
6. A Living Wage should be paid voluntarily by employers

In 2017, the Living Wage Foundation facilitated a further set of international 'Living Wage Dialogues' bringing together key stakeholders from civil society, government, academia and employers interested in developing successful Living Wages schemes around the world. It is clear that there is real and growing appetite to tackle the challenge of in-work poverty – and help fulfill the SDGs - through stronger take up of the Living Wages around the world.

For those employers wanting to learn more about Living Wages to help achieve the SDGs, the UK Living Wage Foundation recommends employers can make a start in several ways:

- Acknowledge, understand and list the different cost of living calculations in local and national regions where you operate
- Contact other employers looking to know more about or implement Living Wages, to help share resources and knowledge within a supportive coalition
- Seek to collaborate and partner with initiatives and campaigns on Living Wages in regions where you operate.



OVER
180,000
PEOPLE HAVE
BEEN LIFTED OUT
OF WORKING
POVERTY

OXFAM

ONE OF THE clearest ways companies can contribute to the SDGs is to ensure a living wage is paid both to its employees and to workers who produce its goods and services, a key message in Oxfam's campaigning and advocacy.

Since the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development in September 2015, the Sustainable Development Goals (SDGs) have attracted greater interest from many businesses and business associations than was the case with their predecessor, the Millennium Development Goals (MDGs).

Oxfam believes that poverty and powerlessness are avoidable and can be eradicated by human action and political will. We see the SDGs as a great opportunity for the international community to address poverty, and the causes of poverty, on a multi-agency and co-ordinated basis, and we support the UN's action plan wholeheartedly.

While governments are the key actors in driving the SDGs, business is an important stakeholder on account of its resources, its ability to innovate and its scale and reach. To date the contribution of the business sector to the cause of sustainable development has been mixed – while we have seen substantial increases in global wealth, we have also seen increased inequality, environmental damage and ambivalence on the part of some businesses to the need to combat climate change.

In our 2017 briefing paper *Raising the Bar: Rethinking the Role of Business in Achieving the Sustainable Development Goals*, Oxfam warned against companies

'cherry-picking' the SDGs which it suited them to prioritise and argued that before considering new actions to 'do good' businesses need to ensure that their current activities do not have a negative impact on sustainable development outcomes.

A further publication in 2018¹⁶, presents an analysis of public information on the SDG engagements of 76 of the world's largest companies and highlights key five shortcomings:

- Companies display no consistent approach to determining their priority SDGs.
- The SDGs have not substantially changed companies' approach to corporate sustainability.
- Companies have not significantly augmented the ambition of their sustainability strategies as a result of engaging with the SDGs.
- Few companies are marrying their human rights commitments with their ambition to contribute to the SDGs and
- Reporting on the SDGs is limited despite receiving significant attention from companies.

CIVIL SOCIETY: CASE STUDIES

The publication concludes that meaningful business action on the SDGs requires a more holistic and ambitious approach that goes beyond 'business as usual'. This starts with companies re-examining their social purpose and impact, changing the performance goals and incentive structures of the business and employees, and considering wider stakeholder concerns (including those of affected communities or women in value chains, for example) in business analysis and decision making. The publication also points to examples of good practice.

One of the clearest ways companies can contribute to the SDGs is to ensure a living wage is paid both to its employees and to workers who produce its goods and services, a key message in Oxfam's campaigning and advocacy. Recent research for our Behind the Barcodes campaign showed that, across a basket of common supermarket products, the average earnings of small-scale farmers and workers are inadequate for a decent standard of living, sufficient to realise their human rights.

93% of companies, accredited as a Living Wage employer in the UK, report benefits from the scheme. However, the barriers to raising wages in global supply chains are infinitely greater. They include, but are not limited to, governments setting minimum wages too low, a lack of collective bargaining and the business practices of sourcing companies. Where companies

seek to raise low wages, progress is hindered by a lack of commercial leverage, opaque product pricing, competition law and a lack of engagement by companies, consumers and investors. As is highlighted elsewhere in this document, there are initiatives wrestling with these barriers, including ACT (garment sector), H&M's Living Wage Roadmap, the World Banana Forum and Malawi Tea 2020, but progress is painfully slow in terms of closing the 'living wage gap' for workers.

This is problematic and worrying since, business is relied upon to a great extent to achieve the SDGs. As long as business does not look at fundamentals like pay and wage distributions, they cannot contribute to a more human economy. Is it time for a living wage accreditation scheme that works in supply chains?

93% OF
COMPANIES,
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THE UK, REPORT
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THE SCHEME

GLOBAL LIVING WAGE COALITION



The Global Living Wage Coalition (GLWC) was formed in 2013 out of a collaboration between sustainability bodies, global Living Wage experts Richard and Martha Anker, and the ISEAL (International Social & Environmental Accreditation and Labelling) Alliance. Its initial priorities were to establish an agreed definition of the 'Living Wage' and identify a uniform and workable way to measure it. A key element of its work right from the start was to assess the level of income needed for all workers to achieve a basic but decent standard of living, taking into account the scope of what were to become the SDGs. In keeping with this aim, the GLWC has set about researching employment conditions in many of the developing countries around the world that are crucial to the supply chains that feed and clothe high income countries in Europe, North America and elsewhere.

GLWC members, through Living Wage studies, benchmark validation events, and strong partnerships with a wide variety of funders and stakeholders, have been working to show the range of value chain actors how moving towards the payment of a Living Wage can help to achieve, in particular, those SDGs that relate to decent work and economic growth (SDG8) and reduction of inequalities (SDG10).

The GLWC members – Fairtrade International, Forest Stewardship Council, GoodWeave International, Rainforest Alliance partnering with UTZ, Social Accountability International, and Sustainable Agriculture Network – have been conducting high quality research for action ever since the body's foundation. Members partner with critical stakeholders to mobilise industries, build capacity within unions on the use of Living Wage information, and engage with companies on strategies to ensure a sustainable supply chain. The ultimate goal is to reach the point where workers globally can afford a decent life for themselves and their families.

The guiding theme of the work of GLWC is that a Living Wage must take into account the basic needs of a worker and his/her family. But how much income is essential to meet this test? Does it have to be sufficient to secure decent housing? Must it cover access to clean water and sanitation and other threats to the health and safety of workers and their families? What combination of factors can enable companies, government, and unions to agree on a workable formula?



CIVIL SOCIETY: CASE STUDIES

For GLWC the key to answering these key questions is the Anker Methodology. The methodology involves, as a first step, estimating the cost of a basic but decent life style for a worker and his/her family. To arrive at this calculation the cost of three expenditure groups – food, housing and other essential expenses – are estimated, with a small margin added for contingencies. The methodology does not call for a one-size fits all approach and accepts that what constitutes a decent wage level will vary between countries and within countries. Accordingly, a global approach to the Living Wage should be capable of providing for separate Living Wage calculations not only for different countries but for rural and urban areas and for different regions and cities within the same country.

GLWC studies have helped to generate industry-wide collaborative projects (thus aligning with SDG 17) in a range of countries and industries, involving broad coalitions of stakeholders working together to achieve payment of a Living Wage and advance the narrative on how to achieve the SDG goals. As a result of such projects many workers are seeing significant increases in their wage levels. In Malawi for example, a project facilitated by the sustainable development group IDH using GLWC research data has led to the first ever collective bargaining agreement, which in turn has produced material increases in pay levels.

This is what it looks like to have sustainable development driven by the Living Wage. The GLWC has been working to drive collaborations across Latin America, Asia, and Africa in strategic and labour-intensive industries such as bananas, coffee, floriculture, tea and garments/textiles. Broad partnerships spanning the supply chain, involving governments, unions, companies, sustainability bodies, industry organisations, academics and other civil society groups have been driving forces behind change. But communicating the aims of the Living Wage concept, and explaining how payment of a Living Wage advances so many of the SDGs, is for us crucial to the building of these successful collaborations and will remain a big part of what we do.

The campaign to help workers achieve greater economic and social well-being through the Living Wage has tremendous potential to contribute in a substantive way to the UN's ambitious agenda. The GLWC aims to play a full part in the effort to achieve the SDGs over the next few years by acting as a global centre of experience and expertise on the Living Wage.

A VIEW FROM THE TRADES UNION CONGRESS

The TUC took a leading part in drawing up the SDGs as a successor to the Millennium Development Goals. The TUC helped to secure international trade union agreement with the SDGs ahead of their adoption at the 2015 United Nations summit. We continue to press the UK government to move faster on the SDGs, as the UN has made it clear that must be taken together as a coherent package.

But socially responsible employers do not need wait to be told what they should do by government. Rather they want to get on with things, both here and around the world, and that is where the Living Wage comes in. The UK Living Wage is a voluntary standard that gives workers enough to live at least a simple but decent life. Employers who adopt the Living Wage are moving towards meeting their SDG obligations by helping to ensure decent work, reduce inequalities and fight poverty

It was very important to win support from workers and trade unions in the UK and the same is true of living wage initiatives in other countries. In some circumstances minimum standards could be perceived as a challenge to the growth of collective bargaining, which remains the heart of trade union organisation, and to the setting of legal minimum wages with proper trade union involvement.

Yet there are many employers who simply want to do the right thing. An established standard for decent minimum pay helps them to know the right thing to do.

It's worth noting that the Living Wage is not just about employers spending more money. Research has shown that there a is a good pay-back in terms of personnel benefits – better recruitment, retention, motivation and quality of work. In addition, adopting the living wage burnishes the employer's brand, which can be very valuable. As doing the right thing also brings business benefits and is easily affordable, it should be very hard indeed to say “no” to the Living Wage.

AN ESTABLISHED
STANDARD FOR DECENT
MINIMUM PAY HELPS
THEM TO KNOW THE
RIGHT THING TO DO.

AFTERWORD: UK LWF

Despite the successes we have seen in global poverty reduction, it is clear low pay is a persistent problem afflicting numerous countries and millions of people. Across the globe workers continue to wake up early, put in a hard day's work and come home late, all the while receiving wages that fail to cover their basic needs.

Poverty isn't just a matter of pounds or pesos, it contributes to ill-health and social exclusion, stifling human potential, and holding people and communities back. It's also bad for businesses, with less motivated staff meaning lower productivity and higher staff turnover.

It is with a view to addressing issues such as these that the global community, via the United Nations, has formulated a long-term and co-ordinated plan to tackle the major threats to the planet and its people. In its Sustainable Development Goals (SDGs), the UN sets out a number of inter-linked objectives and targets which are collectively designed to find solutions to the major challenges facing the world in the 21st century and to chart a sustainable future for society.

Among the seventeen individual goals set by the UN are commitments to end poverty in all its forms and to promote full and productive employment and decent work for all. These goals, and others such as the aims to promote good health and well-being and to reduce inequalities, impact very directly on what the UK Living Wage Foundation exists to do. As an organisation we believe that any focused action to eliminate poverty

must include the adoption of working conditions that enable workers to avoid in-work poverty, meet their basic needs and thus become properly functioning members of society.

Accordingly, we see the SDGs as offering a great opportunity to advance the cause of the Living Wage in the context of a comprehensive sustainability agenda. We strongly support the SDG campaign and believe that action on the part of employers world-wide to pay their workers a Living Wage will not only allow them to demonstrate that they are playing their part in achieving the global action plan, but will allow them to reap the benefits of having a more settled, engaged and motivated workforce. To bring all this about we believe that a concerted response is called for from government, business and civil society.

With the help of input from many informed and interested parties, this paper seeks to explain why a commitment to the Living Wage has the potential to bring real and tangible benefits to both employers and workers, whilst helping to achieve the SDGs.

APPENDIX ONE: TOOLS AND DRIVERS

The aims of the Living Wage campaign are consistent with the wider aims of the SDGs. Most obviously, the payment of a Living Wage is in alignment with the emphasis placed by the SDGs on the tackling of poverty, hunger and workplace inequalities and with the promotion of the idea of equal pay for work of equal value. Engagement on the part of an employer to follow the principles of the Living Wage will thus help it to align with the wider aims inherent in the SDGs.

Given the very wide scope of the SDGs, how can employers align and integrate the SDGs into their strategies, cultures and business models? A number of initiatives have already been undertaken to provide support to employers for this very purpose.

The first resource for any employer is The SDG Compass¹⁷, published by the UN Global Compact in conjunction with the World Business Council for Sustainable Development and the Global Reporting Initiative. This publication was issued soon after the ratification of the SDGs in 2015 and offers broad guidance for businesses on how they can review their operations, including their supply chains, so as to identify how those operations impact on sustainable development, both positively and negatively, and on the strength of that analysis to identify priority areas for attention in the process of achieving alignment with the SDGs.

Subsequent to the publication of the Compass, the UN Global Compact and Global Reporting Initiative have jointly published 'Business Reporting on the SDGs: An Analysis of the Goals and Targets'.¹⁸ This publication focuses on the steps that businesses can consider

taking, within the scope of existing annual reporting frameworks, to disclose the actions they have taken to support the aims of the SDGs. The document contains a detailed inventory of possible disclosures, all linked to the targets attached to the SDGs themselves. Among the suggested disclosures is a commitment by the employer to providing the best possible wages, benefits and working conditions within the framework of government policies and through the process of collective bargaining; this amounts to the creation of a very specific correlation between the payment of the Living Wage and the aims of the SDGs. In putting forward these disclosures the document expressly links transparency in reporting to actual business performance, in other words it underlines that if a company commits itself to reporting publicly on the extent to which it has delivered on specific matters that will act as a driver of behaviour in respect of those matters within the business.

Another reporting framework to which the SDGs are highly relevant is the integrated reporting framework issued by the International Integrated Reporting Council. The Council has issued its own guidance on how a business which seeks to incorporate the SDGs into its strategies and operations can reflect the goals within its procedures for complying with this framework. SDGs, Integrated Thinking and the Integrated Report¹⁹, prepared in conjunction with the Institute of Chartered Accountants of Scotland and the Green Economy Coalition, focuses on how the SDGs can be accommodated within the framework's concept of 'capitals', and how they can help businesses to achieve the wider conception of corporate value that is the key essence of integrated reporting.

It is encouraging to see that businesses are already referring to the SDGs in their annual reports. In a KPMG survey, How to report on the SDGs,²⁰ 40% of the world's 250 largest companies acknowledged the SDGs in their reporting; another survey, from PwC, SDG Reporting Challenge 2017²¹, found that 62% of 470 companies surveyed did so.

In addition to tools that provide guidance on reporting, there are others that focus on practical ways in which businesses can make their commitment to the SDGs a reality. Business for 2030,²² an initiative of the US Council for International Business, is a web-based resource that aims to encourage active interest in the SDGs among businesses by setting out detailed examples of actions being taken by individual companies to achieve each of the 17 goals.²³ The World Business Council for Sustainable Development has also set up the SDG Business Hub²⁴ as a source of information, tools and advice on what the SDGs can mean for individual businesses.

A long-term initiative by the UN is to create a global SDG indicators database.²⁵ This resource centres on the UN's official list of 232 indicators of progress and aims to provide, in due course, an authoritative collection of data and statistics on international efforts to meet the goals. An official, high level study, focusing on the specific challenges posed by the SDG goals and associated targets to individual countries, and suggesting the priority areas for attention within each, has been published by the Organisation for Economic Co-Operation and Development (OECD).²⁶

ACKNOWLEDGEMENTS

TUC

The Trades Union Congress (TUC) is the voice of Britain at work. We represent over 5.5 million working people in 50 unions across the economy. We campaign for more and better jobs and a better working life for everyone, and we support trade unions to grow and thrive.

BURBERRY

Established in 1856, Burberry is a global luxury brand with a distinctive British identity.

HSBC

HSBC is one of the world's largest banking and financial services organisations. We serve about 38 million customers through four Global Businesses:

- Retail Banking and Wealth Management
- Commercial Banking
- Global Banking and Markets
- Global Private Banking

Our network covers over 60 countries and territories, with around 3,900 offices worldwide and 230,000 employees. We aim to be where the growth is, connecting customers to opportunities, enabling businesses to thrive and economies to prosper, and ultimately helping people to fulfil their hopes and dreams and realise their ambitions.

Our objective is to become the world's leading and most respected international bank. We will achieve this by focusing on the needs of our customers and the societies we serve, thereby delivering long-term sustainable value to all of our stakeholders. We have

developed a long-term strategy that reflects our purpose and enables us to capture value from our international network.

KPMG

KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 153 countries and territories and have 207,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

AVIVA

Aviva provides life insurance, general insurance, health insurance and asset management to 33 million customers.

In the UK we are the leading insurer serving one in every four households and have strong businesses in selected markets in Europe, Asia and Canada. Our shares are listed on the London Stock Exchange and we are a member of the FTSE100 index.

Aviva's asset management business, Aviva Investors, provides asset management services to both Aviva and external clients, and currently manages over £331 billion in assets (as at 31 December 2018). Total group assets under management at Aviva group are £470 billion (as at 31 December 2018).

Aviva helps people save for the future and manage the risks of everyday life; last year we paid £32.9 billion in claims and benefits on behalf of our 33 million customers.

By serving our customers well, we are building a business which is strong and sustainable, which our people are proud to work for, and which makes a positive contribution to society.

The Aviva newsroom at www.aviva.com/newsroom includes links to our image library, research reports and our news release archive. For an introduction to what we do and how we do it, please click here www.aviva.com/about-us. Follow us on twitter: [www.twitter.com/avivapl](https://twitter.com/avivapl), LinkedIn: www.linkedin.com/company/aviva-plc and for the latest corporate films from around our business, subscribe to our YouTube channel: www.youtube.com/user/aviva

OXFAM

Oxfam is a global movement of millions of people who share the belief that, in a world rich in resources, poverty isn't inevitable. In just 15 years, extreme poverty has been halved. 15 more years and we can end it for good.

To spread that change and make it last, political solutions are also needed to tackle the root causes of poverty and create societies where empowered individuals can thrive. We will always act, we will speak out, and we won't live with poverty.

ACKNOWLEDGEMENTS

GLOBAL LIVING WAGE COALITION

The Global Living Wage Coalition brings together Fairtrade International, GoodWeave International, the Rainforest Alliance, and Social Accountability International (SAI), in partnership with the ISEAL Alliance and international living wage experts Dr. Richard Anker and Ms. Martha Anker. The GLWC comes together with the shared mission to see continuous improvements in workers' wages in the farms, factories, and supply chains participating in their respective certification systems and beyond, and with the long term goal for workers to be paid a living wage. Each living wage benchmark commissioned by the GLWC is made public to further this aim and to increase the opportunity for collaboration toward payment of a living wage.

UK LIVING WAGE FOUNDATION

We are the organisation at the heart of the independent movement of businesses and people that campaign for the idea that a hard day's work deserves a fair day's pay. We celebrate and recognise the leadership of responsible employers who choose to go further and pay a real Living Wage based on the cost of living, not just the government minimum.

We offer accreditation to employers that pay the independently-calculated Living Wage rates to all staff in London and the UK, or those committed to an agreed timetable of implementation, by awarding the Living Wage Employer Mark.

We offer a Service Provider Recognition Scheme for third party contractors who ensure their own staff are earning the real Living Wage rates and always offer a Living Wage option when submitting tenders.

We coordinate the announcement of the real Living Wage rates each November, based on the best available evidence about living standards in London and the UK. We also provide advice and support to employers and service providers implementing the independently-calculated Living Wage rates. This includes best practice guides, case studies from leading employers, model procurement frameworks and access to specialist legal and HR advice.

We provide a forum for leading employers and service providers to publicly join the independent movement of organisations, businesses and people campaigning for a wage which is enough to live on. We work with Principal Partners who bring financial and strategic support to our work. We coordinate Living Wage Week each November, a UK-wide celebration of the Living Wage movement.

UNGC

UNGC is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.

At the UN Global Compact, we aim to mobilize a global movement of sustainable companies and stakeholders to create the world we want. That's our vision. To make this happen, the UN Global Compact supports companies to:

Do business responsibly by aligning their strategies and operations with Ten Principles on human rights, labour, environment and anti-corruption; and Take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.

IKEA

"To create a better everyday life for the many people", this is the IKEA vision. Our business idea is "to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them".

We work hard to achieve quality at affordable prices for our customers through optimising our entire value chain, by building long-term supplier relationships, investing in highly automated production and producing large volumes. Our vision also goes beyond home furnishing. We want to create a better everyday for all people impacted by our business.

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