

Doc. No. : WLL/SA/01	WELSPUN LIVING LIMITED	SA 8000:2014
Section No. : 31	SECTION TITLE: BASIC NEED WAGE CALCULATION	POLICIES AND PROCEDURAL MANUAL

1. Purpose:

The intent of this SOP is to provide the basic Need wage to all the workers including contractual or temporary workmen. BNW (Basic Need Wage) is based on the concept that work should provide an adequate income to cover the necessary living cost of family. The living wage is an approximate income needed to meet family's basic needs including food, housing, health, education and other necessities.

2. Living wages in context

The Minimum Wage is a national legally binding obligation on employers which often make no reference to a living standard. Living Wage describes the adequate living standard. The common goal of the many living wage campaigns currently taking place all over the world is to lift Minimum Wages levels to those of the Living Wages. Wage Indicator presents Living Wages jointly with Minimum Wages, aiming to raise awareness concerning the remaining differences in levels.

The food expenditure is the main component of Living Wage and it is determined by the price of food basket. The food prices are taken from Wage Indicator Cost of Living Survey which collects the actual prices of all items necessary to calculate the Living Wage. The food basket is scaled on an average 2400 calories per person per day that is the nutritional requirement for good health.

3. Wage Indicator Living Wage background:

The Wage Indicator Living Wage is set to provide acceptable living standard to a family of a particular size (based on survey).

- a) **Typical family Living Wage** is a baseline estimate that respects the country specific conditions. Typical family is comprised of two adults and the number of children is given by country specific fertility rate (the average number of children a woman is expected to have during her lifespan). One adult is working full-time and the working hours of second adult are approximated by national employment rate. The total income earned by two adults paid living wage is sufficient to reach adequate living standard.
- b) **Standard family Living Wage** is estimated for a family composed of two adults and two children (referred to as family 2+2). In this case the total income earned by two adults paid living wage is sufficient to reach adequate living standard.
- c) **Individual Living Wage** represents an acceptable standard of living for a single individual working full-time.

4. Sample and Frequency of Survey

- a) The sample of survey would be based on the diversification i.e. maximum number of cases would be taken into consideration whilst carrying out the survey (1 member earning, 2 member earning, 3 member earing in a family etc.) to ascertain precise result of BNW survey.

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- b) In addition, the survey would be conducted once in a year; however incase if there is any major variation in consumer price index as reported via minimum wage circular, the BNW survey would be conducted once in six month or as and when required. Maximum endeavor would be put in to include fresh cases whilst carrying out the survey.
- c) The total numbers of samples shall be 2% of total numbers of workforce or 75 families whichever is less.
- d) The selection of samples shall be taken from different categories of employment, locations and family size. However, approx... 60% samples shall be taken from a family size of 04 persons (2 adult & 02 children).

5. Calculation:-

a) Average family expenses information:-

Category	Cost in local currency		Number of individuals	Total
Education:	x	A
Transportation:	x	B
Food:	x	C
Clothing:	x	D
Energy and water consumption:			
Housing:			
Unexpected events:			
Savings:			
Total family basket:			

To calculate the percentage of the family’s expenses spent on food, please divide the total costs of the category “food” by the total family basket, and multiply the number obtained by 100:

b) Calculation formula:

Living wage estimation for an adult working full time (48 hours per week or the local maximum regular working hours per week).

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To estimate the living wage, please divide the total family basket (calculated using the table above) by the number of wage earners in a family, and multiply the number obtained by 110% (discretionary income)

Total family basket		X	110%	=	BNW/p/m
Number of wage earners per family:					
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6. Communication:-

- a) The Basic Need Wage survey & Reports shall be submitted to HR and Contractors immediately upon completion & review.
- b) The wage revision of all categories of employment shall be based on the Basic Need wage.

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