

# Living Wage Methodology

According to the Global Living Wage Coalition, a living wage is defined as remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. In order to develop our understanding about Living Wage levels near the areas where we operate in and in our value chain, we will follow the Anker Methodology tailored to our geography but in aligned with the global guidelines. The details of our methodology is below.

## Methodology

The living wage is estimated by estimating the cost of basic but decent lifestyle for a worker and his/her family. The reference family that we will consider is a couple and two children. The sub-components of this cost are described below:



It is important to note that since our operations are spread over multiple geographies, a representative sample will be taken to ensure proper coverage. The other essential needs i.e. non-food and non-housing costs (NFNH) include expenses for education of children through secondary school, decent healthcare, transportation, recreation, clothing, and others.

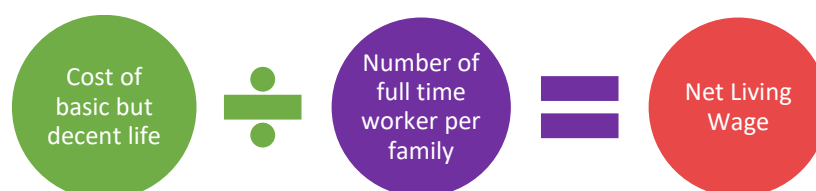
For the calculation of the above costs, a mixed approach will be followed which includes primary data collection using questionnaire and focus group discussions. The main focus of this data collection will be to understand the food habits considering the WHO recommended calories needed, weight of adults, physical activity level and the local food habits and composition, the type of food products purchased, frequency of food taken, etc.

For the people owning their own houses, the depreciated house of the cost will be considered along with the annual repair and maintenance cost, land cost and mortgage cost. The size of the house will be considered in accordance with the Government of India guidelines for housing space according to income group.

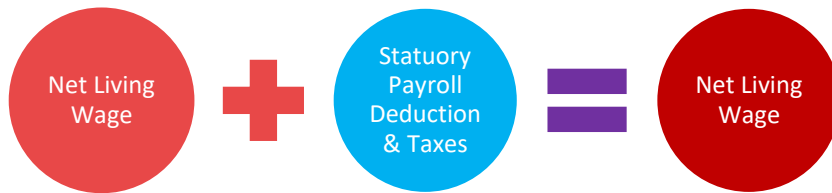
For the NFNH costs, we will use the secondary data of Ministry of Statistics and Program Implementation, Government of India. To this expenses, the expenses for health and education will be adjusted based on the focus group discussions.

Adding, a small margin for unforeseen even will give us the total cost for essential needs.

The next step is to determine the number of workers in the reference family size and divide the cost of basic but decent life which gives us Net Living Wage



In this Net Living Wage, any statutory payroll deduction and taxes will be added to reach at Gross Living Wage



Once the Net Living Wage is calculated, it could be used as reference for comparing the current wages with living wage to understand the gap.