Notification 3

Issue: 1
Date: July 13, 2026
To: All SAAS Accredited Conformity Assessment Bodies (CABs)
From: Christopher Lamoureux, Associate Director, Standards and Impacts
RE: SA8000:2026/2014 Certification – Hours and Wages Expectations.

1. Purpose

This Notification establishes scheme requirements for Conformity Assessment Bodies (CABs) conducting assessments against SA8000:2026 Criteria D4.2 (Remuneration) and D4.4 (Working Hours), SA8000:2014 Criterion 7.1 (Working Hours) and SA8000:2014 Criterion 8.1 (Remuneration). It sets out how conformity shall be determined, the relative weight of the available living wage references, and how nonconformities (NCs) shall be handled.

Social Accountability International (SAI) issues these Scheme Requirements to clarify conformity expectations for wages and working hours under the SA8000 Standard and Certification Scheme. The intent is to establish a framework through which an organization that meets the principles of the Standard can pursue and achieve certification, whatever its operating context. The Standard and certification frameworks recognize that certified organizations work within a wide range of economic environments and labor markets. Many of the conditions shaping workers' needs, wages and working hours, including prevailing market rates and statutory wage floors, public services and social benefits, and buyers' purchasing practices, lie partly or largely outside any single organization's direct control. The certification framework accounts for that reality while holding organizations to a rigorous standard of process and performance.

These requirements clarify what is expected of an organization's process and due diligence. They do not raise the threshold for achieving or maintaining certification beyond what an organization acting in good faith can meet. An organization that has not yet fully realized a living wage or decent working schedules remains eligible for certification, provided it meets the process and continual improvement requirements set out in this Notification. Where an organization demonstrates that it understands its gaps, manages its resources responsibly and proactively against the factors within and outside its control, works to influence those factors outside its direct control, whether individually or collectively with others, and is making credible progress toward these outcomes, the NCs arising from those gaps shall be handled through the mechanisms set out here, including closure timelines and, where warranted, extensions to them (see Section 8).

The living wage and decent working-hours outcomes the Standard requires are unchanged. A shortfall against these outcomes will raise a nonconformity. The factors outside an organization's control affect how the nonconformity is classified and how long the organization has to close it, not whether a nonconformity is raised. This gives organizations room to keep improving, and keep their certification, as they do their part toward outcomes that also require buyers and governments to do theirs.

2. Scope

This Notification applies to all applicant and accredited CABs applying the requirements of SA8000:2026 or SA8000:2014. It applies to initial certification audits, surveillance audits, and recertification audits. All auditors conducting assessments against the referenced clauses shall be familiar with and apply the requirements herein.

This Notification shall be read together with the SAI Scheme Requirements in force at the time of audit that govern the treatment, classification, and closure of NCs.

3. Effective Date and Transitional Provisions

These Scheme Requirements take effect in two steps. From the effective date, all certified organizations and organizations seeking certification shall begin implementing the expectations set out in this Notification, and all CABs shall begin auditing against them.

To allow organizations adequate time to implement their obligations under this Notification, and to allow SAI to deliver the tools, resources, and guidance necessary to make implementation and assessment effective, no NCs shall be raised against these requirements before July 1, 2027. During this transitional period, CABs shall assess organizations against these requirements and record their findings, including any gaps identified, within the SA8000:2014 or SA8000:2026 Audit Tools' "Audit Trail Evidence" sections. However, such findings shall not be issued as NCs and shall not affect an organization's certification status. CABs should use this period to familiarize organizations with the expectations, identify areas requiring attention, and support organizations in preparing for full implementation.

Beginning July 1, 2027, NCs arising from these requirements shall be raised and handled in accordance with the provisions of SA8000 Scheme Requirements. *If evidence shows an organization is using this Notification as a means of delaying improvement or reducing compensation, CABs shall raise NCs at the requisite criticality level.*

4. Foundational Principles

4.1. Outcomes are the Primary Indicator and Threshold

The most important indicator of whether an organization respects the rights of personnel to a living wage and to decent working schedules is whether personnel (including workers engaged through contractors and other intermediaries within the certification scope) are receiving a living wage and have working hours that are within the requirements of the Standard.

Responsibility and conformity: For the purposes of the SA8000 Standard and the SA8000 Certification Program, the responsibility to respect personnel's right to a living wage and to decent work schedules can be fully met (a Level 4 rating in the SA8000:2026 Audit Tool, and conformity in the 2014 Audit Tool) only through payment of a living wage and provision of decent work schedules, in addition to the process requirements set out in this Notification. Robust management processes are necessary, but they are not, on their own, sufficient. Conformity rests on the outcomes personnel experience, sustained over time, and supported by credible processes to maintain them.

Outcomes Must Be Correctly Measured and Sustained
Meeting wage and hours requirements at the time of audit shall not, on its own, be treated as full conformity. An organization that currently pays a living wage but has not established the correct living wage benchmark, or that has no process to monitor benchmarks, no defined wage review cycle, and no mechanism to respond to changes in the cost of living, shall not be considered fully conforming, because the outcome is unlikely to be benchmarked correctly or sustained.

Conformity therefore requires both adequate outcomes and a credible management process to sustain them, with the exception set out in Section 6.1.

4.2. Where Outcomes Fall Short

Where wages are below the applicable living wage reference (Section 7), or where working hours exceed the requirements of the Standard, an NC is relevant and shall be raised. Such an NC shall be managed under the SAI Scheme Requirements (*at time of publishing, SA8000:2026 audits are managed by SAI Procedure 200 Supplement - SA8000:2026 Interim (Bridging) Requirements - Section 22, hereafter the "Procedure 200 Supplement"*). Where the evidence shows that the constraint is genuinely external, the NC shall be classified and managed under the "Cause with Other Contributors" provisions for SA8000:2026 audits. For SA8000:2014 audits, the NC shall be raised as a Time-Bound NC.

Where an organization has the ability to pay a living wage or provide decent working schedules — whether through making management decisions, adjusting staffing, making investments, reallocating resourcing, or because it retains sufficient funds to do so — but nonetheless fails to pay a living wage or provide decent working schedules, the NC shall be raised under the "Cause" provisions of Section 22 of the Procedure 200 Supplement for SA8000:2026 audits and shall not be eligible for a Time-Bound NC under SA8000:2014 procedures. Such an NC shall be closed within the defined timelines and is not eligible for the extension available under the "Cause with Other Contributors" provisions in SA8000:2026 audits, as the gap is within the organization's own capacity to remedy.

5. <u>Organizational Requirements</u>

Subject to Section 6 (Proportionality), organizations shall implement the requirements in this Section. The depth and formality of the processes shall reflect the organization's size, complexity, and risk profile.

5.1. Current State Analysis: Wages and Hours (M5: Context, Impacts and Risks)

The organization shall periodically conduct, maintain, and record a current wage analysis and a working hours analysis that establish what personnel are paid, how they work, and how these compare against the references in Section 7 and the requirements of the Standard.

In addition, the analysis shall address at least the following, where relevant and applicable to the operational context:

- *Living wage references:* identified using the hierarchy in Section 7;
- *Collective bargaining agreements;*
- *Statutory and regulatory baselines:* statutory minimum wages, legal maximum hours, mandatory rest periods, overtime limits, and legally mandated benefits;
- *Market and sector references:* industry prevailing wage rates, median wages for comparable roles, and sector working-hours norms; and
- *Economic indicators:* current and recent inflation and cost-of-living trends in the area(s) where personnel reside and work.
- *Gap analysis:* determination of the gap in wages paid and hours worked against relevant or required references.

5.2. Organizational Resource Assessment (M5: Context, Impacts and Risks)

The organization shall assess the resources available to address wages and hours, and how those resources are allocated. Relevant resources include financial capacity, management and HR capacity, operational and technical capacity, internal and external expertise, and the maturity of wage and hours management within business planning. The organization shall also consider how readily identified resources can be mobilized.

5.3. External Pressures and Constraints (M5: Context, Impacts and Risks)

The organization shall identify and document external pressures and constraints that affect its ability to maintain or improve wages and/or hours, including buyer purchasing practices and contract terms, regulatory environment, industry norms, labor market conditions, and macroeconomic factors. This documentation shall inform objective-setting and planning. Documentation alone is not sufficient: the organization shall actively seek and use whatever leverage it can develop to influence these factors, including by acting collectively with others, rather than treating them as fixed.

5.4. Objectives, Plans, and Implementation (M6: Objectives, Planning and Resources)

Where the analysis under 5.1 identifies a gap against the applicable references, or where the organization is sustaining adequate outcomes that need to be protected over time, the organization shall set objectives and plans that:

- Are informed by the gap analysis and resource and constraint assessments;
- Are realistic and time-bound;
- Address both immediate corrective actions and medium to long-term targets;
- Identify specific actions, responsibilities, resources, timelines, and review milestones; and
- Are documented and communicated to relevant personnel.

The organization shall demonstrate that plans are being implemented as designed (M7: Awareness and Implementation) and that outcomes are reviewed at defined intervals (M10: Strategic Analysis, Review and Continual Improvement). Where implementation deviates from the plan, the organization shall document the reasons and adapt the plan accordingly.

6. Proportionality of Process Requirements

6.1. Organizations with No Material Risk

Where an organization can demonstrate, with credible evidence, that all personnel within the certification scope, including directly employed workers, home workers, and workers engaged through labor contractors or other intermediaries, are paid well above the applicable living wage reference under Section 7, and that working hours are well within the Standard's limits, the organization shall not be required to develop the full set of analytical, planning, and monitoring processes described in Section 5.

For the purposes of this clause, "well above" means a wage level that provides a clear and stable margin above the applicable living wage reference under Section 7, sufficient to absorb foreseeable changes in the benchmark, inflation, and labor cost dynamics without falling to or below the reference between audit cycles. The organization shall still:

- Identify and document the applicable living wage reference under Section 7;
- Confirm coverage of all personnel categories, including contractors and home workers within the certification scope;
- Conduct a basic periodic check (at least annually) to confirm the margin is maintained; and
- Be able to articulate to the auditor how the margin is maintained and what would trigger a more detailed review.

The Audit Team Leader shall document the basis for applying this clause within the audit trail evidence of the SA8000 Audit Tool, including the wage reference used, the margin observed, and the personnel categories covered.

6.2. Small Enterprises (SEs)

The effort and depth of the processes required under Section 5 shall be proportionate to the size, complexity, and resources of the organization. For SEs (companies under 50 persons) conformity may be demonstrated through simpler, less formalized arrangements. In particular, SEs:

- Are not expected to produce the same volume of documentation or the same level of analytical sophistication as larger organizations;
- May rely on accessible public benchmarks and straightforward annual reviews rather than dedicated wage-analysis systems,
  - *However, all organizations must, at minimum, periodically conduct a current-state analysis of personnel wages and hours; and*
- May address objective-setting, planning, and review through existing management routines only.

Auditors shall adjust their evidence expectations accordingly. A short, clearly written wage review note from an owner-manager, supported by current payroll data and a current benchmark reference, may be sufficient where a comparable arrangement in a large organization would require a formal management system output.

6.3. Organizations with Business Partner Risk

The level of effort and the depth of process an organization applies to managing wage and working hours risks and performance outcomes, both within its own operations and across its business partners, must be proportional to the risk present and to the organization's specific context. Auditors should expect the organization's processes to be weighted toward the areas of greatest risk, rather than applied uniformly without regard to where the actual exposure lies. Where an organization demonstrates strong outcomes in one part of its operations, that does not diminish the expectation of a rigorous process where risk remains concentrated elsewhere.

For example, a larger organization that is able to pay a living wage and provide reasonable schedules within its own directly controlled operations, but that sources from a supply chain carrying a high risk of low wages or excessive hours, would be expected to focus resources on business partner management and purchasing practices. In such a case, the substance of conformity lies less in the organization's own wage and hours data and more in the strength of its due diligence over business partners, including how it selects, contracts with, monitors, and supports those partners, and whether its own purchasing practices (pricing, lead times, payment terms, and order stability) enable rather than undermine the partners' ability to meet wage and working hours expectations.

7. <u>Living Wage Reference and Conformity Weighting</u>

7.1. Framework

For the purposes of comparing current wages against a living wage, the organization and the auditor shall use a recognized living wage reference appropriate to the geography, sector, and worker population. Where more than one reference is available, the reference with the highest weight in Table 1 shall be used. Lower-tier references shall be used only where no higher-tier reference is reasonably available, materially current, or applicable to the location and worker population.

Basis of full conformity: Full conformity with the living wage requirement (a Level 4 determination in the SA8000:2026 Audit Tool or conformity determination in the 2014 Audit Tool) can be attested only through comparison against an established third-party benchmark (Tier 1 or 2 of Table 1), except where wages are set through a qualifying freely negotiated agreement as described in Section 7.3, which is itself a sufficient basis for full conformity. Internally calculated or auditor-derived benchmarks (Tier 3) are relevant to the conformity assessment and may inform the auditor’s analysis, but they cannot, on their own, be the basis of a full-conformity determination. Where only a Tier 3 reference is available, the wage outcome cannot be attested as fully conforming on the strength of that benchmark alone.

Table 1. Hierarchy of Living Wage References

Tier (weight in conformity decision)	Source	Notes
Tier 1	Anker Methodology Living Wage Benchmarks, Anker Reference Values, and Anker Sub-National Estimates	(1) Location- and sector-specific benchmarks based on extensive primary fieldwork using the Anker Methodology, (2) Country-level Reference Values (rural/urban), and (3) within-country Sub-National Estimates produced by the Anker Research Institute.
Tier 2	Third-party Living Wage Estimates	Living wage estimates from third-party providers that align with the ILO Principles on Wage Estimation (GB.350/POL/1 (III)(8)(a-j)) used where Tier 1 data is not available, is materially out of date, or does not cover the relevant location or worker population.
Tier 3	Internally calculated or auditor-derived benchmarks	Recommended to be performed by most organizations, but used to determine conformity only where no Tier 1 or 2 reference is reasonably available (*per 7.1 – full conformity is not possible using a Tier 3 benchmark*). The methodology, data sources, and assumptions shall be documented, reproducible, and reviewed at defined intervals.

7.2. Internal or Auditor-Derived Benchmarks

Where no Tier 1 or 2 reference is available for the relevant geography and worker population, the organization may use an internally calculated benchmark, or the auditor may apply a benchmark of their own derivation. Such benchmarks shall:

- Use a documented methodology consistent with the ILO Principles on Wage Estimation (GB.350/POL/1 (III)(8)(a-j))
- Draw on current, traceable cost-of-living and household-needs data for the relevant location;
- Be reproducible by a competent third party from the documentation provided;
- Include consultation with workers; and
- Be reviewed and updated at defined intervals (at minimum annually) and whenever material changes in local economic conditions occur.

Tier 3 benchmarks shall carry the lowest weight in conformity decisions. Where a Tier 3 benchmark is the only available reference, the auditor shall record the reasons and the methodology in the audit report.

7.3. Negotiated Wage Rates

Where wages are set through collective bargaining or other negotiated agreements — whether at the level of the company, sector, or region — the auditor shall take the negotiated rate into account within the analysis. A freely negotiated agreement, concluded with legitimate, independent worker representatives, is a sufficient basis for full conformity with the living wage requirement (a Level 4 or conformity determination), for those workers covered by the agreement. Such an agreement reflects the wage that workers, through their freely chosen representatives, have accepted as adequate. The comparison against the applicable living wage benchmark is still performed and recorded within the current state analysis (Section 5); for covered workers, a qualifying agreement determines the conformity conclusion, and the benchmark comparison serves to inform planning and track progress rather than to decide conformity.

Workers not covered by the agreement shall be paid no less than the negotiated rate, and their wages shall also be assessed against the applicable reference under the hierarchy in Section 7.

Where an agreement does not meet these conditions, for example, where representation is not free or independent, it shall not establish full conformity, and wages shall be assessed against the applicable reference under the hierarchy in Section 7. Auditors shall document the negotiated rate, the parties to the agreement, the coverage achieved, and the basis for concluding that the agreement was, or was not, freely negotiated with legitimate, independent representation.

A freely negotiated agreement does not, by itself, demonstrate that the agreed wage meets recognized living wage benchmarks, and in some markets legitimate, freely negotiated agreements — including sector-level agreements — settle below those benchmarks or become outdated. Acceptance of a qualifying agreement for conformity purposes does not set aside this reality. Where the current state analysis (Section 5) shows a persistent gap between the negotiated rate and the applicable benchmark, that gap shall inform the organization's objectives and planning under Section 5.4 and be worked toward over time, in the same manner as any other gap identified in the current state analysis. Where the organization fails to make credible progress in closing that gap over successive audit cycles, the absence of continual improvement shall itself be raised as a nonconformity, notwithstanding the agreement's status.

8. Nonconformity Handling

8.1. SA8000:2026

The raising, classification, extension, and closure of NCs under this Notification for SA8000:2026 audits shall follow SAI Scheme Requirements (currently, the Procedure 200 Supplement, Section 22). A shortfall in wage or hours outcomes shall be raised as an NC; it shall not be set aside on the basis of external factors. However, the external context is considered when classifying the NC and in managing the closure timeline.

Where the Organization Causes the Gap:

Where the auditor determines that the organization itself is the cause of a gap in wage payment or working hours (*that is, there are no material external contributors that genuinely limit the organization's ability to remedy the gap*) the NC shall be classified as organization-caused and shall be closed within the minimum established timelines (Procedure 200 Supplement, Section 22).

Where External Factors Contribute to the Gap — "Cause with Other Contributors":

Where the organization is fully meeting the process requirements of this Notification, conducting credible due diligence, using its leverage in good faith, not contributing to the gap through its own practices, being transparent, and implementing a credible improvement plan, but is nonetheless unable to pay a living wage or to meet the working-hours requirements because of genuinely external factors, the NC shall be classified and managed under the "Cause with Other Contributors" provisions of the Procedure 200 Supplement, Section 22.

The process expectations set out in this Notification align with the matters reviewed under Section 22.10.4.1 a)–d) of the Procedure 200 Supplement.

Extension of the NC Closure Timeline:

Under Section 22, where the organization is meeting these process expectations (aligned with *Section 22.10.4.1 a)–d)*), the closure timeline for the NC shall be extended. Extension is the intended mechanism for the "Cause with Other Contributors" scenario: it keeps the NC open, preserving the obligation to continue working toward the expected outcome, while recognizing that the organization is controlling what it can and that the remaining gap depends on factors beyond it. Extension is conditional on continued conformity with *Section 22.10.4.1 a)–d) of the Procedure 200 Supplement*; where the organization ceases to meet those expectations, *including working with business partners and other stakeholders on addressing systemic impediments*, the NC shall be escalated and lead to eventual suspension and/or loss of certificate.

At the end of each extension the auditor chooses either to extend again or escalate the NC (*under the determination set in 22.10.4.3*).

8.2. SA8000:2014

As with SA8000:2026 audits, audits against the SA8000:2014 Standard must apply the requirements in this Notification. Where gaps exist, either in process or outcome, the audit team shall raise an NC.

For the topics of living wages and decent work schedules, the audit team shall also conduct a context analysis as described in this Notification and the Procedure 200 Supplement, Section 22.

Where the Organization Causes the Gap:

Where the auditor determines that the organization itself is the cause of a gap in wage payment or working hours (*that is, there are no material external contributors that genuinely limit the organization's ability to remedy the gap*) the NC shall be classified as organization-caused and shall be closed within the minimum established timelines in SAAS Procedure 200:2020.

Where External Factors Contribute to the Gap — "Cause with Other Contributors":

Where the organization is fully meeting the process requirements of this Notification, conducting credible due diligence, using its leverage in good faith, not contributing to the gap through its own practices, being transparent, and implementing a credible improvement plan, but is nonetheless unable to pay a living wage or to meet the working-hours requirements because of genuinely external factors, the NC shall be raised as a Time-Bound NC under SAAS Procedure 200:2020.

Organizations with Existing Time-Bound NCs

Existing Time-Bound NCs addressing wages and hours gaps shall be re-assessed against this Notification and re-issued where relevant, or moved to regular NC timetables where the organization is identified as the sole cause of the finding. This re-assessment can happen at any time during or after the transition period described in Section 3.

Transition Timeline:

Time-Bound NCs under SA8000:2014 scheme requirements shall either be closed during transition to SA8000:2026 or transitioned to a new NC following SA8000:2026 Procedure 200 Supplement, Section 22 requirements.

8.3. Documentation

The audit report and any NC report shall record, for each NC raised under this Notification:

- The Section 7 reference used and the tier applied;
- The size of the gap (in wages, hours, or both);
- The auditor's determination of why the gap is organization-caused or has material external contributors;
- The applicable closure timeline under the Procedure 200 Supplement; and
- Where Section 6.1 or 6.2 has been applied, the basis for doing so.

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