

Principle 8: Wages and Benefit Agreements Are Respected

Workers are paid their agreed wages regularly and on time. Workers will receive all benefits to which they are entitled in accordance with contractual arrangements.

Introduction

Applying the Building Responsibly principles in practice will be unique in every instance. This guidance note offers discussion around the potential issues and challenges faced and offers suggested good practice options for the implementation of each principle in the Key Components for Consideration section.

Wages and benefits govern much of the relationship between workers and their employers. Issues surrounding wages and wage payments also constitute the most common concern expressed by workers. Refusal to pay wages or non-justified deductions of wages may constitute a breach of wage and benefit agreements. Additionally, delayed payment of wages can result in significant financial stress on the employee and may be an indicator of forced labor.

Key Terms and Definitions

- » *Wages*: a fixed regular payment earned for work or services, typically paid on a weekly or monthly basis.
- » *Benefits*: various types of non-wage compensation such as paid holidays, health insurance, pension plans, and food vouchers, provided to employees in addition to their normal wages or salaries.

Key Challenges

Minimum Wage Regulations

In some countries and regions, there may be no applicable minimum wage laws, or where such laws do exist, they are not enforced or may be deemed outdated. As a result, workers may not necessarily receive an equitable wage that affords them a decent standard of living.

On-time Payment of Wages

Delays in the payment of wages may result in operational disruption, financial stress on the worker, and strain on the worker's personal circumstances, as well as increase the vulnerability of worker to of forced labor practices.

Overtime Pay

Workers may not receive adequate overtime pay for their extra hours, particularly where laws governing overtime are limited and where employment contracts are not sufficiently explicit.

Wage Discrimination

In some regions where migrant workers are employed, minimum wage laws may not exist, or minimum wages and benefits for migrant workers are generally organized through bilateral agreements between the sending and the receiving countries. As a result, minimum wages paid to workers of different nationalities for work of equal value can vary.

Wage Transparency and Communication

A lack of clear and transparent communication around wage agreements and any financial deductions may result in workers not receiving expected wages and benefits. Failure to sufficiently communicate to workers their wages and benefits and to confirm their understanding may be interpreted as intentional deception.

Complex Subcontracting Chain

Timely payment of wages can be a challenge, particularly when subcontractors are underfinanced and can pay their workers only when they are themselves paid. Similarly, outsourcing labor requirements to manpower/temporary employment agencies, which may further outsource payroll to umbrella companies, devolves responsibility for timely and full payment of wages and increases the risks of “wage theft” (or cheating workers of their due wages)

Key Components for Consideration

- ☑ Companies should provide wages and benefits in line with or above the industry standard and always in compliance with local labor laws and regulations.
- ☑ Companies should communicate clearly on wages, benefits, deductions, and details regarding overtime pay, including through direct references in workers’ contracts.
- ☑ Companies should provide equal wages for work of equal value without discrimination of any kind.
- ☑ Companies should pay wages and benefits at agreed interval, in full and without any delay. Employees should have easy access to a complaint mechanism if they have not been paid in time and in full.
- ☑ Companies should pay wages directly to the individual and not to third parties unless due diligence has been conducted to ensure that the worker is fairly treated.
- ☑ Companies should keep accurate payroll records and monthly proof of payment of wages, clearly indicating all wage deductions
- ☑ Companies should provide workers with information in the form of a pay stub listing the hours worked and wages and benefits paid.
- ☑ Where possible, companies should favor payment of wages via bank transfer.
- ☑ Companies should limit wage deductions to those provided for by national law or included in wage agreements or employment contracts. Companies should clearly communicate such deductions to workers before the start of the employment.
- ☑ Companies should prohibit wage deduction as a disciplinary measure.
- ☑ Where wage advances or loans are provided to workers, companies should not charge interest.
- ☑ Companies should pay their subcontractors and/or labor agencies on time and contract with companies that have a good record of timely payment of wages.
- ☑ Where possible, companies should make regular checks to confirm that workers employed by subcontractors or/or labor agencies have been paid.

Tools and Resources

- » [ILO Helpdesk on wages and benefits](#)
- » [ETI Living Wage Standard](#)
- » [ILO: Migrant Work & Employment in the Construction Sector](#)
- » [Engineers against Poverty: Protecting the Wages of Migrant Construction Workers](#)

About Building Responsibly

Building Responsibly is a group of leading engineering and construction companies working together to raise the bar in promoting the rights and welfare of workers across the industry. We have come together to foster and ensure a better working environment for workers in the engineering and construction sector. Doing so will allow us to more effectively respond to client, stakeholder, and regulatory expectations and manage a healthier, more productive workforce.

For more information and resources to support implementation of these Principles, visit www.building-responsibly.org.