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Introducing Wagemark: New standard for fair and competitive compensation aims to reduce growing income inequality

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A new international wage standard used by companies, non-profit organizations, and government agencies, opens today for business in Toronto. Wagemark aims to reduce growing income inequality by certifying employers that ensure that the ratio between their highest and lowest earners is competitive and sustainable.

"We believe Wagemark is a simple way to create a level playing field and build organizations and societies that are more competitive, prosperous and fair. We're asking employers to make their mark for smart business." says Peter MacLeod, Executive Director of the Wagemark Foundation.

Wagemark-certified organizations commit to capping top compensation at eight times the wage of their lowest paid decile of employees. The Wagemark Standard has been in development for more than a year and builds on recent research concerning the link between fair compensation, workplace morale, worker productivity and long-term competitiveness.

"Wagemark is about establishing a new moral standard for companies that want to see a better world." says Richard G. Wilkinson, Emeritus Professor of Social Epidemiology at the University of Nottingham, and co-author of the international best-seller, *The Spirit Level: Why More Equal Societies Almost Always Do Better*.

"Wagemark is a tangible solution to growing income inequality. It's something that employers can adopt, that governments can endorse and that consumers can demand." says Maureen Fair, Co-Chair of the Wagemark Foundation and Executive Director of St. Christopher House, a partner of the initiative.

Wagemark is delighted to welcome aboard its first cohort of organizations and businesses including: Evergreen, Canada's third largest environmental charity; Impact Mobile, a mobile software company; oxiBrite, a manufacturer of detergents, urbanSpace, a property development group, and Bellwoods Brewery. Additional Wagemark-certified organizations will be announced this autumn.

"Wagemark is an important initiative to highlight the issue of income inequality at work and to reward the businesses that have low pay differentials," says Deborah Hargreaves, former business editor at the Guardian and financial editor at the Financial Times, and currently Executive Director of Britain's High Pay Centre. "A large pay gap between those at the top and everyone else undermines employees' motivation and reduces productivity. There are strong business and economic reasons for a low pay ratio and it is vital that companies adopt these guidelines."

Wagemark certification costs \$200 per year and can be authorized by any Chartered Accountant. Proceeds raised by the Wagemark Foundation will be used to fund new research on competitiveness and compensation.

Wagemark has been established with generous support from the Metcalf and Atkinson Foundations.

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Download a backgrounder at: wagemark.org/backgrounder.pdf

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Key Facts:

- Wagemark is a first-of-its kind certification system that rewards wage-responsible businesses and organizations.
- The Wagemark Standard was developed to address the widening income gap between top and bottom earners within organizations.
- The Wagemark ratio is intended as an ambitious but not unattainable goal for many organizations. We agree there is plenty of room for debate as to whether the ratio should be set higher or lower. Ultimately, we chose an 8:1 ratio based on past precedents. We may from time to time revise this maximum either upwards or downwards based on the feedback we receive from our registered users and other experts.
- Organizations adopt Wagemark certification to publicly demonstrate their commitment to paying competitive, responsible and sustainable wages. Wagemark certification boosts morale and improves organizational transparency concerning compensation practices.
- Wagemark is the first voluntary, wage-responsible business certification standard of its kind. The idea behind Wagemark, however, is nothing new. A history of wage ratios in theory and practice can be found at wagemark.org/history
- In 1977 famed business theorist Peter Drucker wrote in the pages of the Wall Street Journal, that “the most radical but also the most necessary innovation would be a published corporate policy that fixes the maximum compensation of all corporate executives as a multiple of the lowest paid regular full-time employee.”
- Wagemark-certification is based on the wage ratio between the top and bottom decile of earners within an organization and is unrelated to minimum wage standards. The Wagemark Standard is based on the relative wage range between earners, rather than a specified minimum or maximum. If the bottom decile of earners within an organization are paid the minimum statutory wage applicable in a jurisdiction, then the top paid employee at the same organization could earn no more than eight times the minimum wage.
- We believe that the Living Wage movement and Wagemark are complementary approaches to tackling one of the most intractable issues facing modern business. While the Living Wage — endorsed by jurisdictions throughout North American and Europe — focuses on establishing a higher wage floor that corresponds to true local living costs, Wagemark is focused on the range between top and bottom earners within an organization.