

## Oiconomy Pricing Foundation Response

*to the research conducted by Chris Tran Quang Tien.*

**Title:** Fair remuneration assessment in product social life-cycle assessment approaches  
**Year:** 2023  
**Institution:** Utrecht University, Copernicus Institute of Sustainable Development  
**Status:** Master thesis, *Master Sustainable Business and Innovation*

### Response of the Board of Oiconomy Pricing Foundation

We are very grateful for this study conducted by Chris Tran. It is a solid overview of the existing approaches for determining fair remuneration. It clearly shows the elements to be considered and the differences between the existing approaches. The report does not offer a specific recommendation for Oiconomy Pricing (O.P.), but the report gives food for thoughts on further improvement of our approach.

1. **Observation 1.** In the O.P. tool version used for this study old data of the World Bank has been used.

The original development and calculation for the fair minimum wage World Bank data on the moderate poverty line from 2011 has been used (Croes and Vermeulen 2016b). The reasoning in this article has been used for the assessment. This study observes that the World Bank data sources have been updated and that the system of calculating poverty by the World Bank has been changed (p. 72). The current version of O.P. used the 2022 data (see section 8.1 of the justifications) (This refers to pages 42, 50, 57, and 61 of the study).



For O.P.F. this implies that we need to adjust our calculations to this new policy. A research challenge on this has been added to our [open R&D agenda](#).

2. **Observation 2.** By calculating the fair minimum wage only according to the source article (Croes and Vermeulen 2016b) the full picture of the remuneration related hidden costs are not completely shown.

The reasoning in our article has been used for the assessment, like in Table 5. The study correctly refers to the justification given in the article (section 3.3). However, this does not fully show which elements are included in the calculation in the O.P. Tool. Table 5 on page 41 is therefore not a fully correct. Savings for retirement are included in the O.P. assessment, as well as maternity leave and time for childcare, but as separate calculations (see section 8.8. of the justifications). Also, education for adults is included with separate calculations (see section 8.6 of the justifications). The fair minimum wage is also used in other subcategories where overtime (section 8.2 of the justifications), health insurance (section 8.9 of the justifications) and other

related aspects (section 8.8 of the justifications). This also affects the comparison made later in the study in Table 13.

(This refers to pages 41 and 67 of the study).



For O.P.F. this implies that this needs to be better explained in the information supplied.

3. **Observation 3.** The O.P. tool scores relatively lower on the applied Governance score.

Table 12 shows the governance score, using the BelaggioSTAMP, on the aspects of participation and continuity and capacity. Two reasons for this are the short history of the O.P. approach and its early stage of development and its specific purpose as being science-based, but applicable by producers. O.P.F. intends to maintain the methodology as fully science-based, thus creating independency of stakeholder interest. In its future practice OPF will create user platform to collect experiences and suggestions of stakeholders, but methodological adjustment will only be determined based on scientific justifications. In a later stage, producers applying O.P and communicating this to others will need to be verified. The O.P. Standard will undergo regular updates, for which the process will include stakeholder consultation, while maintaining the principle of science-based decision making.  
(This refers to pages 52, 60-63 of the study).



For O.P.F. this implies that existing plans for the O.P. Standard development and revision will (as planned) include stakeholder consultations.