

IS H&M MAKING PROGRESS TOWARDS LIVING WAGES?

NOVEMBER 2018

A CLOSER LOOK AT H&M'S FIGURES ON
WAGES AT ITS SUPPLIER FACTORIES



SUMMARY OF FINDINGS

1. H&M is far away from securing workers at its supplier factories a living wage.
2. Wage increases in H&M supplier factories over the last few years are largely due to the increased legal minimum wages. What factories pay above the legal minimum has contributed far less, or has even decreased (India).
3. Because H&M does not account for inflation, real wages at H&M supplier factories have increased considerably less than one may think when first looking at H&M's wage data.
4. In the period 2015-2017 wage progress slowed down substantially compared with the previous two years. In the case of India (Bangalore) real wages at H&M suppliers even dropped (by 4%).
5. If things continue at the 2015-2017 pace, wages at H&M supplier factories in Bangladesh and India (Bangalore) will never reach a living wage level, and in Cambodia it will take another 20 years.



Average wage figures at supplier factories according unverified data from H&M.

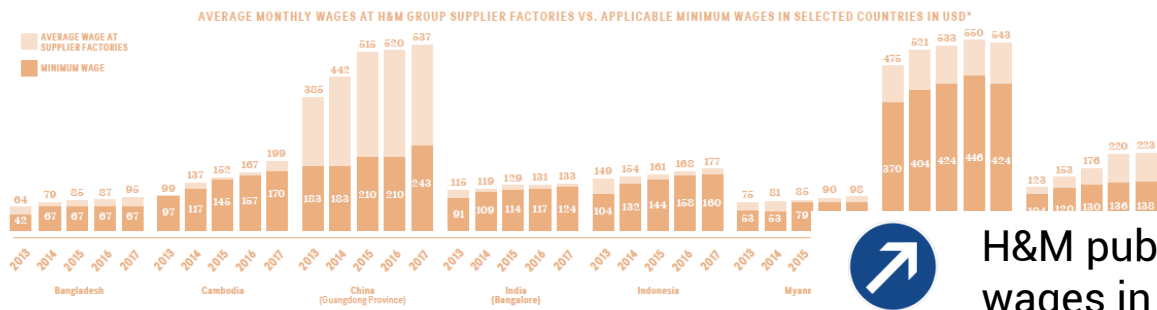
THE H&M WAGE DATA AND ITS LIMITATIONS

H&M'S WAGE DATA

(PRESENTED IN THE 2017 SUSTAINABILITY REPORT)



Wage progress at H&M group supplier factories



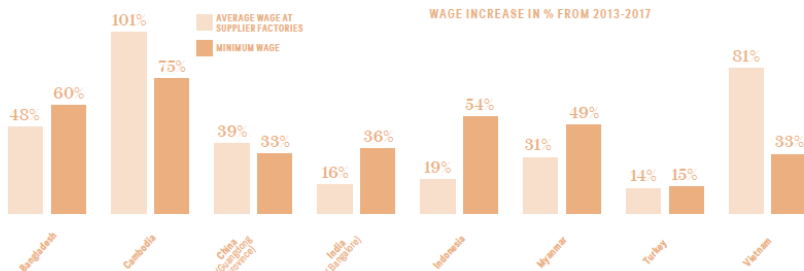
H&M publishes an overview of wages in factories.



Data not verified.



Data not complete (missing countries and details).

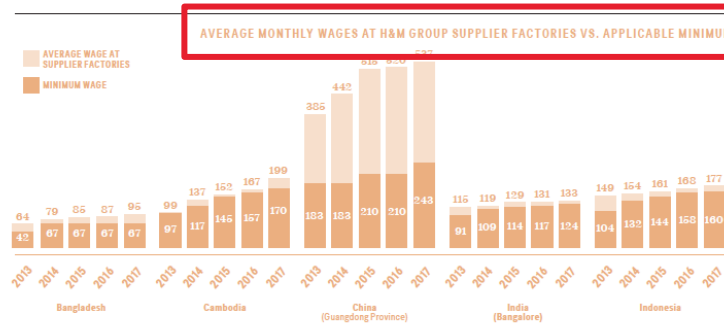


* Data based on assessment results from representatively-selected factories in each country/region. Average wage is based on basic wages applicable for machine operators (usually the largest group of employees), excl. overtime. In China, piece-rate systems often apply, hence wage data for China is not fully comparable.

WHAT H&M SAYS ABOUT THE DATA (I)

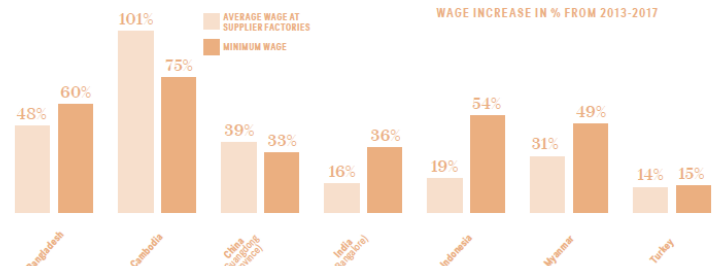


Wage progress at H&M group supplier factories



Average monthly wages at H&M group supplier factories vs. applicable minimum wages in selected countries in USD*

* Data based on assessment results from representatively-selected factories in each country/region. Average wage is based on basic wages applicable for machine operators (usually the largest group of employees), excl. overtime. In China, piece-rate systems often apply, hence wage data for China is not fully comparable.



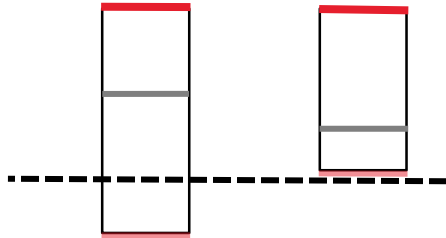
* Data based on assessment results from representatively-selected factories in each country/region. Average wage is based on basic wages applicable for machine operators (usually the largest group of employees), excl. overtime. In China, piece-rate systems often apply, hence wage data for China is not fully comparable.

WHAT H&M SAYS ABOUT THE DATA (II)

- Average wages presented are for machine operators as most common category. Higher paid line managers are excluded. There are also workers (such as helpers) who earn less than machine operators.
- In-kind benefits, bonuses and overtime are reportedly excluded but we got no details on how this is done.
- The presented wage figures do not include any inflation adjustment.
- The data is collected through H&M's own "Sustainable Impact Partnership Programme" (SIPP). SIPP is based on self-reporting by suppliers and validation by H&M.
- The collected data is from representatively-selected factories in each country/region. Details of the sample are not clear.
- Countries for which data is published are the priority sourcing markets.

THE PROBLEM WITH AVERAGE WAGE FIGURES

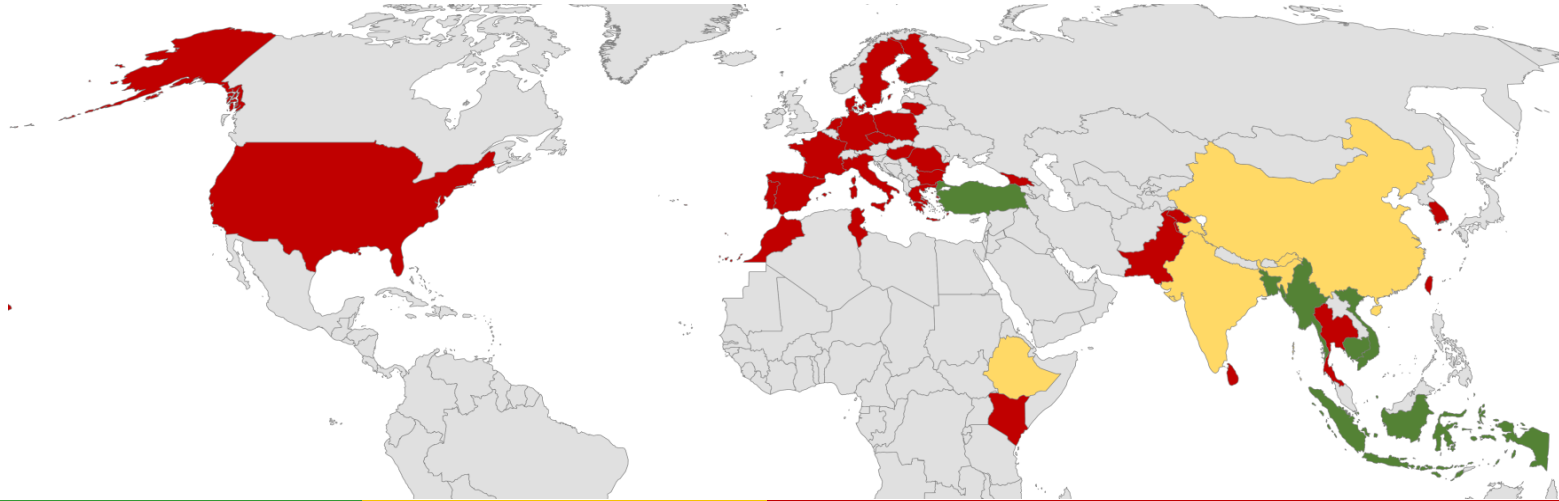
EXAMPLES OF WAGE RANGES IN A SAMPLE



- Living wage benchmark
- Highest wage in sample
- Average wage in sample
- Lowest wage in sample

- H&M explains that its wage figures are based on average wages “applicable for machine operators (usually the largest group of employees), excl. overtime.”
- H&M gives no information on the actual range of wages in this group, nor on the lowest wage level.
- Both minimum wage and living wage benchmarks represent a floor under which no wage should fall.
- **In order to assess to what extent the human right to a living wage is respected in H&M supplier factories, the lowest paid wage would have to be known, but H&M does not publish this data.**

NO WAGE DATA AVAILABLE FOR THE MAJORITY OF H&M'S PRODUCTION COUNTRIES



DATA AVAILABLE

Bangladesh, Cambodia, Indonesia, Myanmar, Turkey, Vietnam.

DATA PARTIALLY AVAILABLE

China (only one region), Ethiopia (only 2016), India (only one region).

DATA NOT AVAILABLE

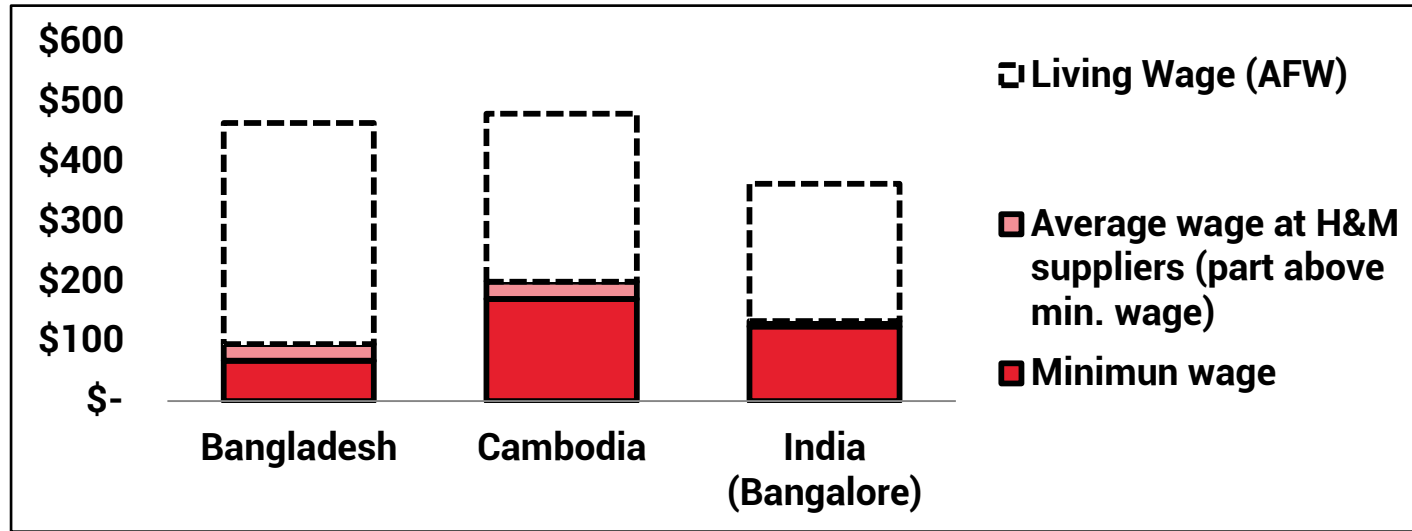
Bulgaria, Czech Republic, Denmark, Finland, France, Georgia, Germany, Great Britain, Greece, Hungary, Italy, Kenya, Lithuania, Luxembourg, Morocco, Netherlands, Pakistan, Poland, Portugal, Romania, South Korea, Spain, Sri Lanka, Sweden, Taiwan, Thailand, Tunisia, USA.

KEY FINDING #1

**H&M IS FAR AWAY FROM SECURING WORKERS
AT ITS SUPPLIER FACTORIES A LIVING WAGE.**

THE LIVING WAGE GAP (2017)

AVERAGE WAGES AT H&M SUPPLIERS VS. ASIA FLOOR WAGE



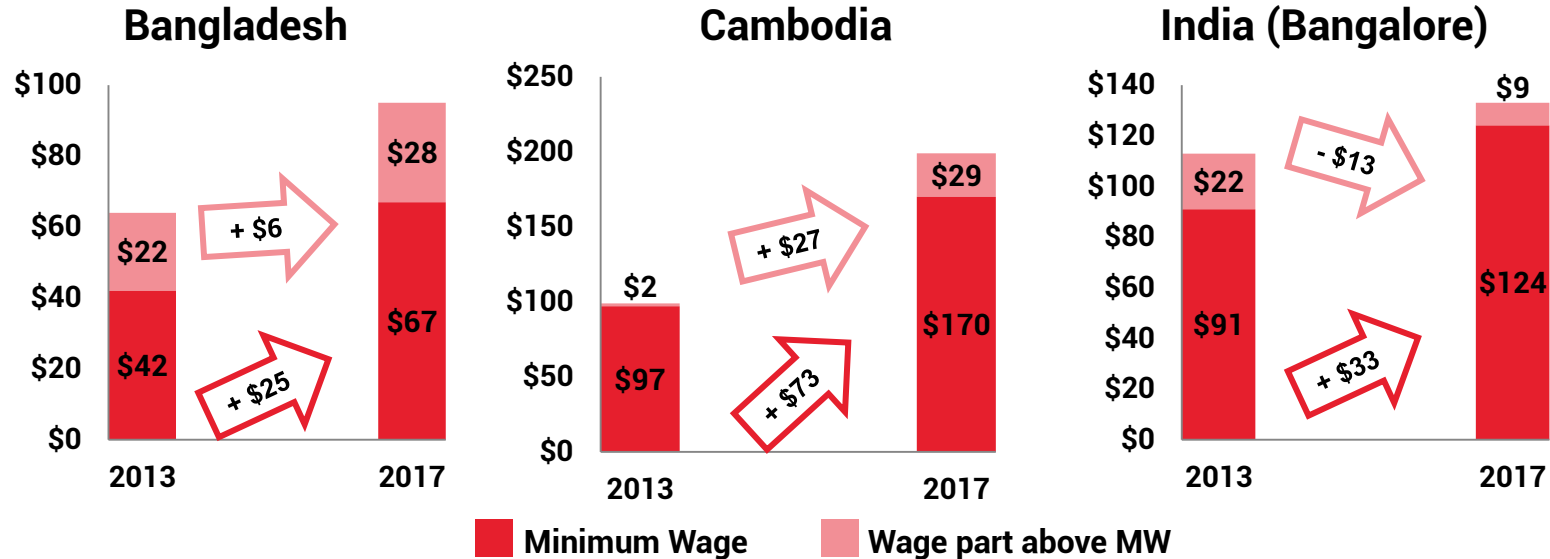
	Legal minimum wage	Average wage at H&M suppliers	Living Wage (Asia Floor Wage)
Bangladesh	\$ 67	\$ 95	\$ 464
Cambodia	\$ 170	\$ 199	\$ 479
India (Bangalore)	\$ 124	\$ 133	\$ 362

KEY FINDING #2

WAGE INCREASES IN H&M SUPPLIER FACTORIES ARE LARGELY DUE TO THE INCREASED LEGAL MINIMUM WAGES.

MINIMUM WAGE INCREASES

(NOMINAL WAGE DEVELOPMENT IN USD)



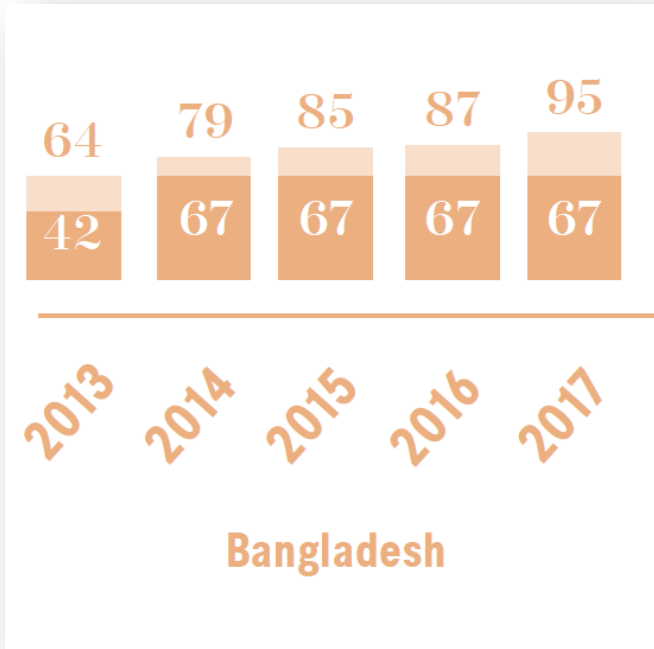
The amount that factories pay above the legal minimum has contributed less to the higher nominal wages than the minimum wage increases. In the case of Bangalore this amount even decreased.

KEY FINDING #3

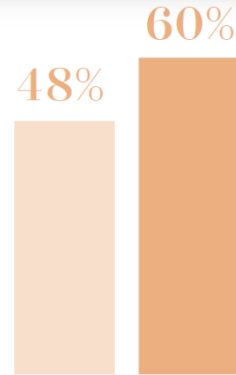
BECAUSE H&M DOES NOT ACCOUNT FOR INFLATION, REAL WAGES AT H&M SUPPLIER FACTORIES HAVE INCREASED CONSIDERABLY LESS THAN ONE MAY THINK WHEN FIRST LOOKING AT H&M'S WAGE DATA.

EXAMPLE BANGLADESH:

H&M'S PRESENTATION OF THE BANGLADESH DATA



WAGE INCREASE IN % FROM 2013-2017



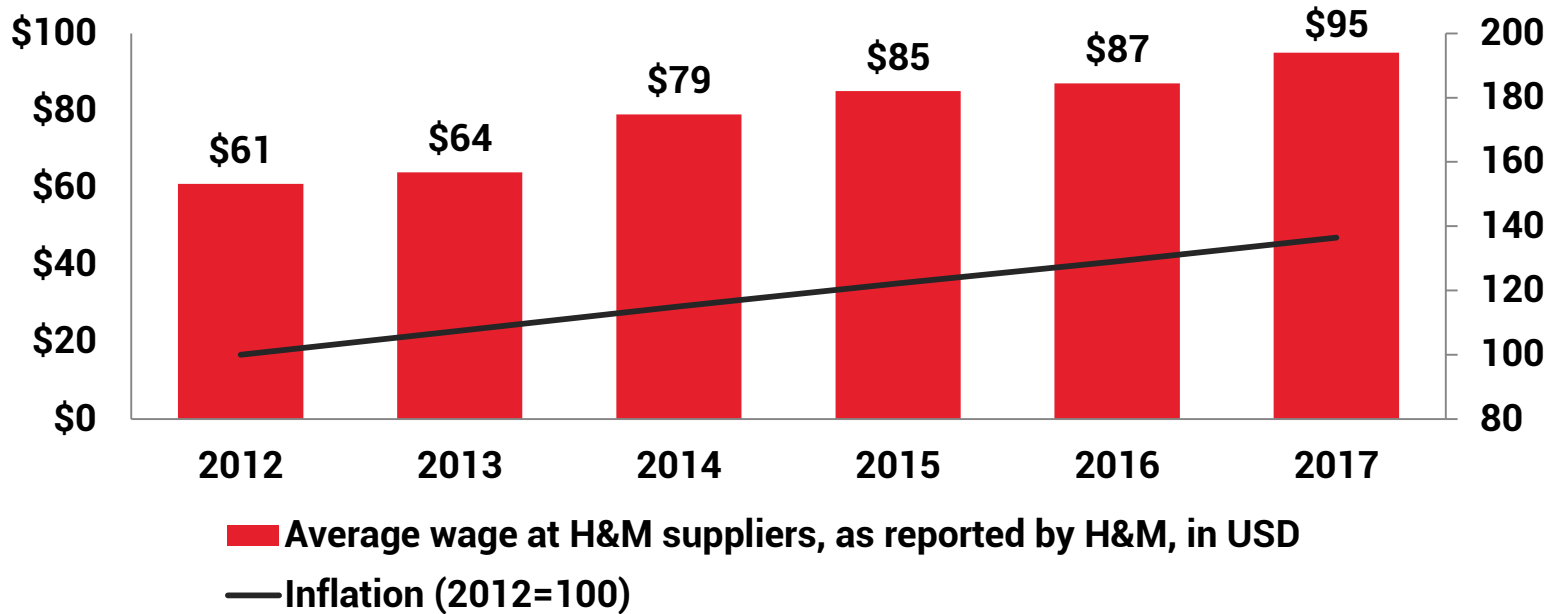
Bangladesh

AVERAGE WAGE AT
SUPPLIER FACTORIES

MINIMUM WAGE

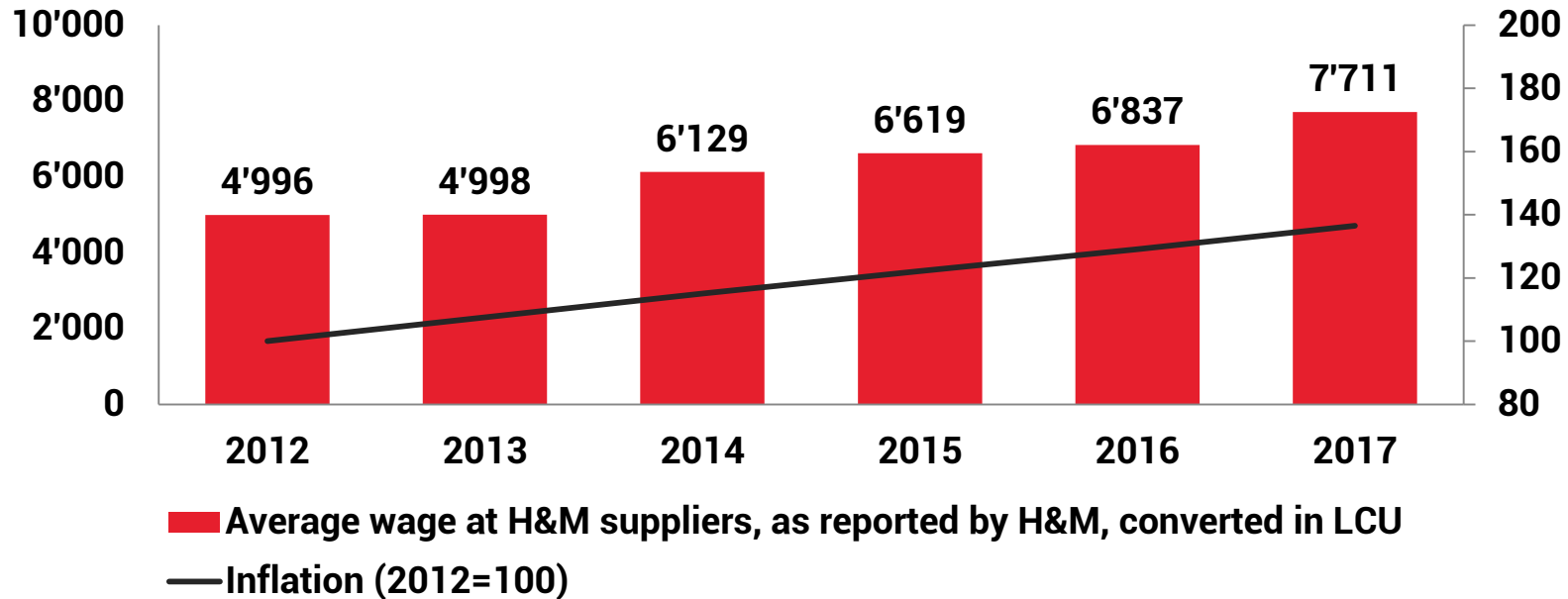
EXAMPLE BANGLADESH:

WAGES AT H&M SUPPLIERS (IN USD) AND INFLATION



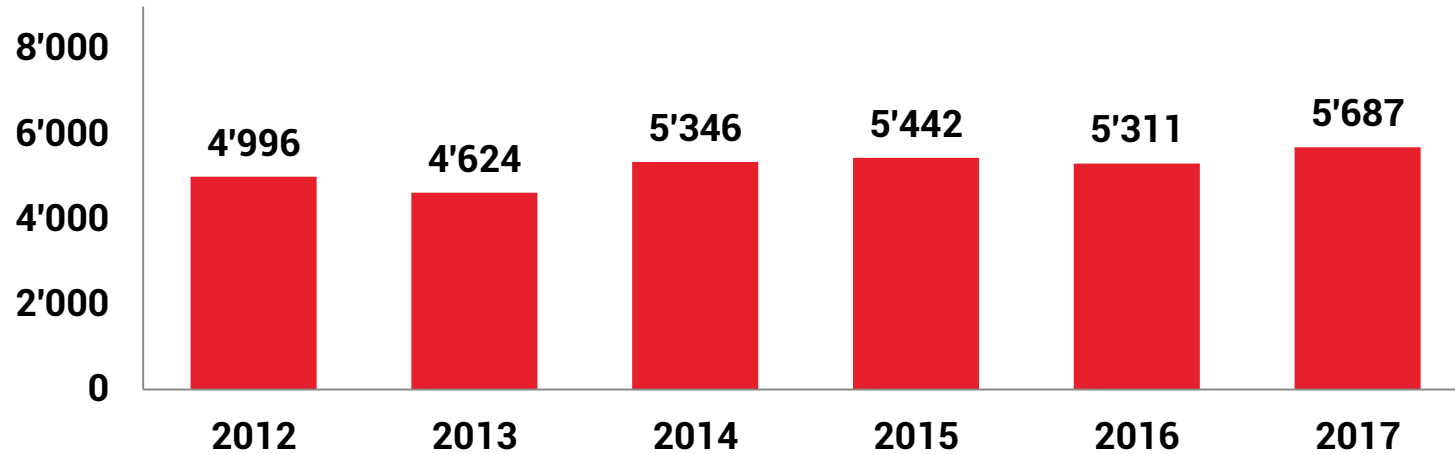
EXAMPLE BANGLADESH:

WAGES AT H&M SUPPLIERS (IN BDT) AND INFLATION



EXAMPLE BANGLADESH:

INFLATION AND CURRENCY ADJUSTED WAGE DEVELOPMENT (IN BDT)



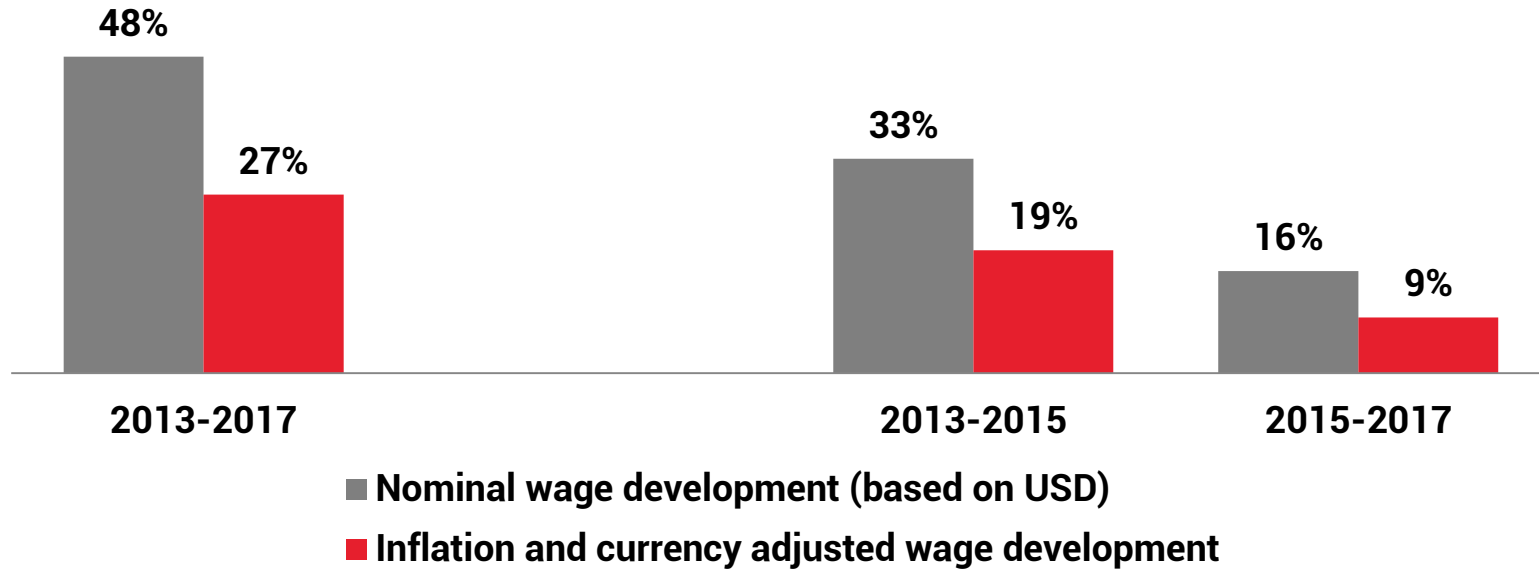
■ Inflation adjusted wage developmenmt, based on 2012

KEY FINDING #4

IN THE PERIOD 2015-2017 WAGE PROGRESS SLOWED DOWN SUBSTANTIALLY COMPARED WITH THE PREVIOUS TWO YEARS. IN THE CASE OF INDIA (BANGALORE) REAL WAGES AT SUPPLIERS EVEN FELL BY -4%.

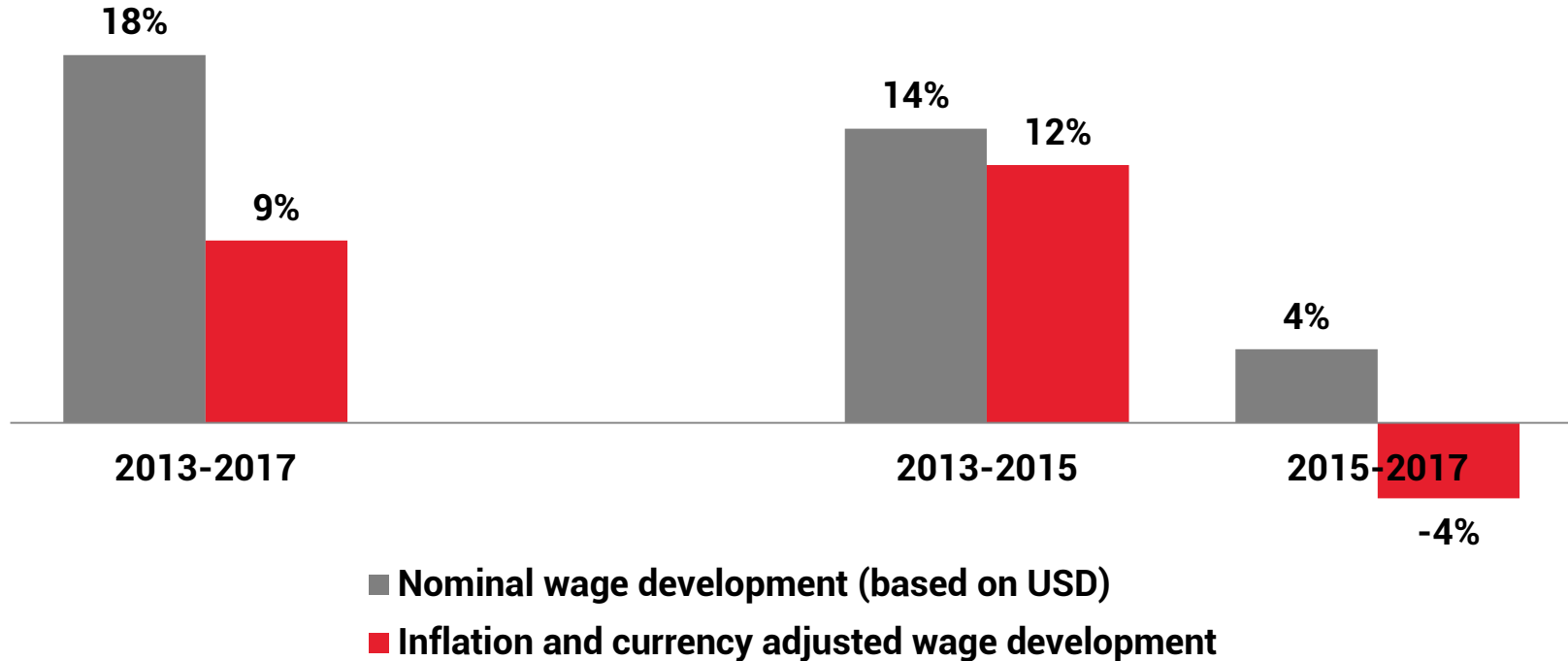
EXAMPLE BANGLADESH

H&M REPORTED NOMINAL VS. REAL WAGE DEVELOPMENT



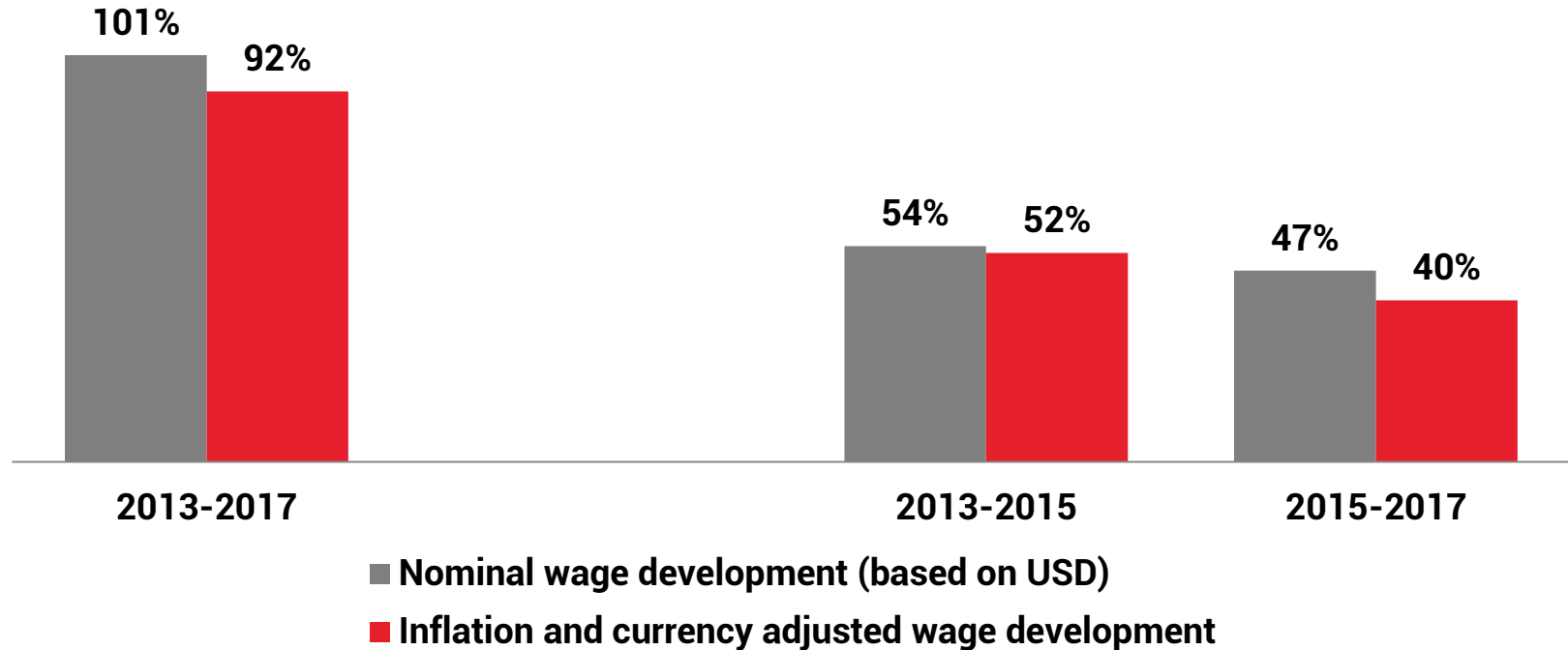
EXAMPLE INDIA (BANGALORE)

H&M REPORTED NOMINAL VS. REAL WAGE DEVELOPMENT



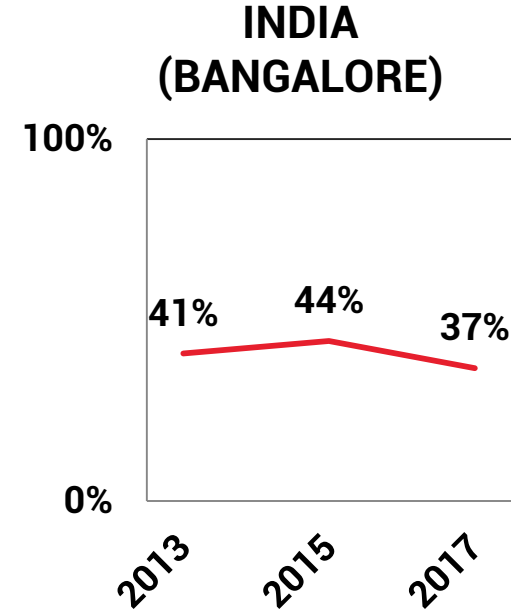
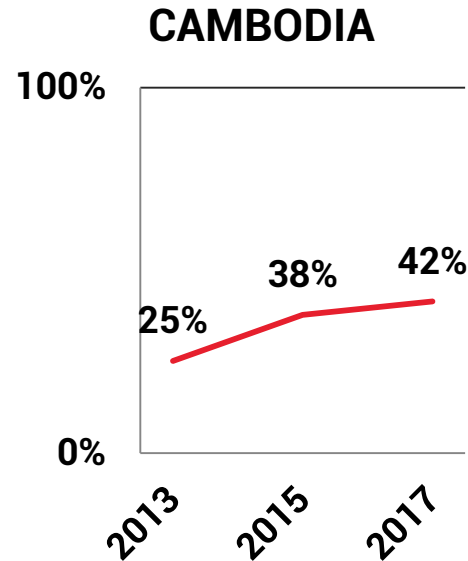
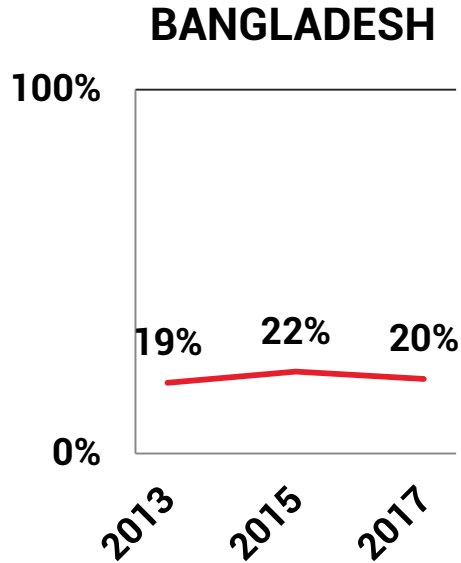
EXAMPLE CAMBODIA

H&M REPORTED NOMINAL VS. REAL WAGE DEVELOPMENT



THE LIVING WAGE GAP

H&M SUPPLIER WAGES AS A SHARE OF A LIVING WAGE (ASIA FLOOR WAGE)

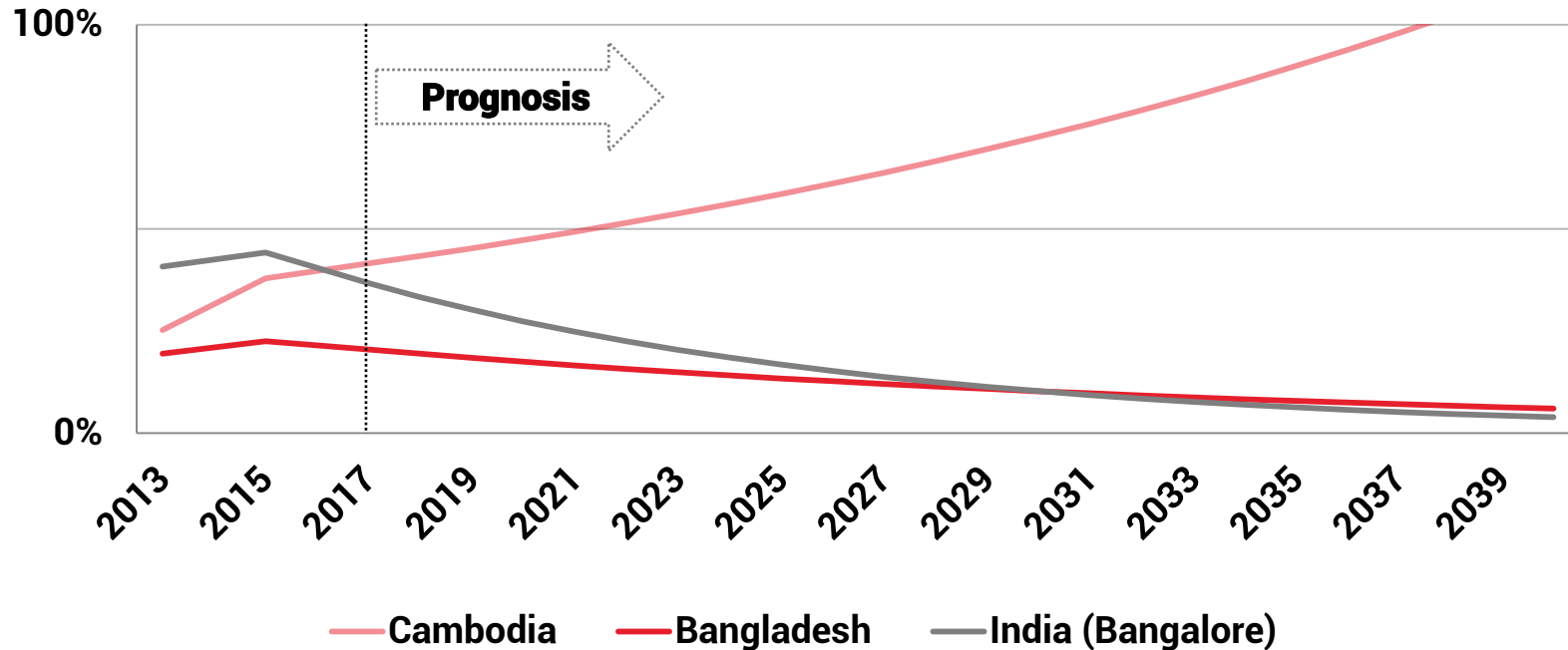


KEY FINDING #5

**IF THE WAGE TREND CONTINUES
AT THE 2015-2017 PACE OF DEVELOPMENT,
WAGES AT H&M SUPPLIER FACTORIES IN
BANGLADESH AND BANGALORE WILL NEVER
REACH LIVING WAGE LEVEL, AND IN
CAMBODIA ONLY AFTER AROUND 20 YEARS.**

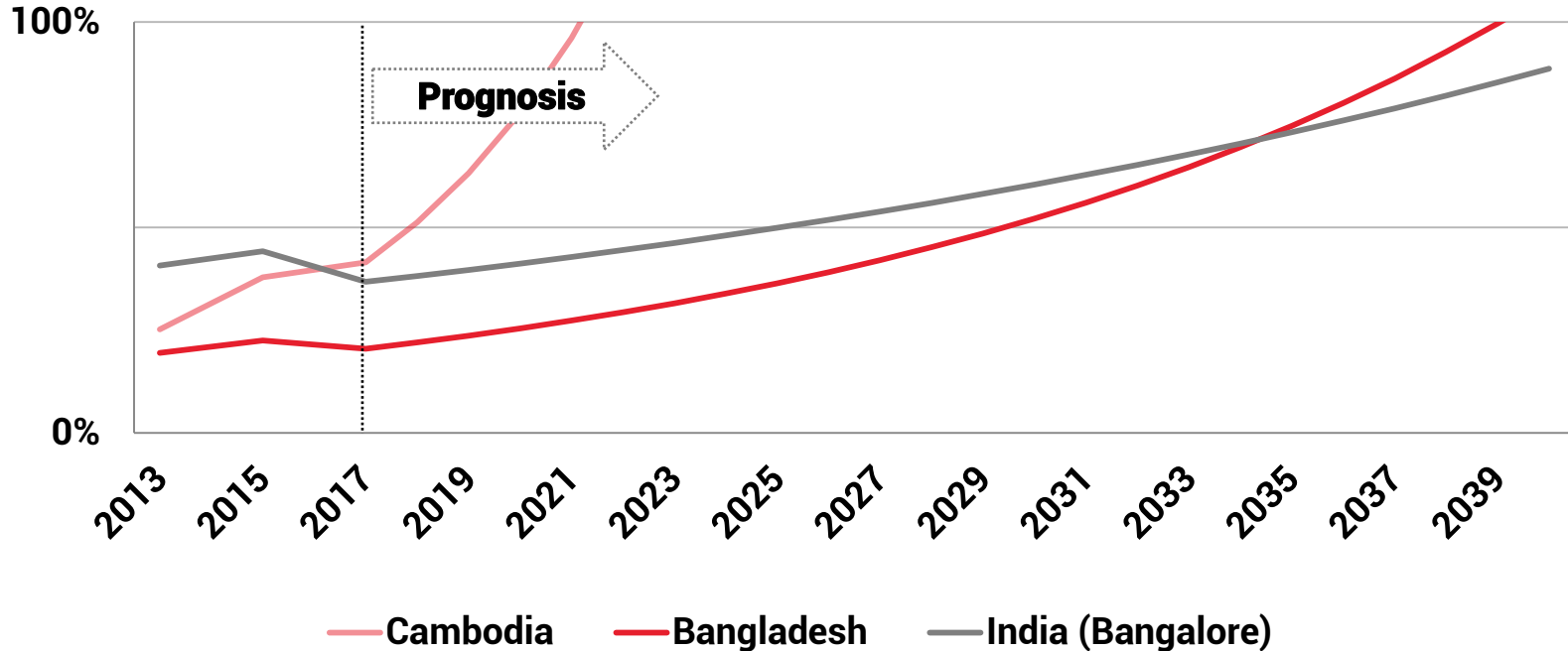
THE 2015-17 TREND BASED PROGNOSIS

WILL AVERAGE H&M SUPPLIER WAGES REACH A LIVING WAGE?



PROGNOSIS BASED ON THE MORE POSITIVE 2013-15 TREND

WILL AVERAGE H&M SUPPLIER WAGES REACH A LIVING WAGE?



FURTHER INFORMATION AND SOURCES

For background information and points on how H&M needs to move to fulfill the commitment that workers would be paid a living wage, go to:

[cleanclothes.org](https://www.cleanclothes.org) and [TurnAroundHM.org](https://turnaroundhm.org).

SOURCES FOR THIS ANALYSIS:

- Average wages figures at H&M supplier factories: [H&M website](#) and [Sustainability Report 2016](#). Inflation: World Bank (-2015) and CIA World Factbook (2016-17).
- Currency exchange rates: Oanda (using annual average rates).
- Asia Floor Wage (AFW): [Asia Floor Wage Alliance](#).

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