

H&M:

FAIR LIVING WAGES WERE PROMISED, POVERTY WAGES ARE THE REALITY

RESEARCH FINDINGS ON WAGES AT H&M'S STRATEGIC SUPPLIERS

SUMMARY

The H&M group is one of the world's largest retailers with 4,801 shops¹ worldwide.

In November 2013, H&M announced that all "H&M's strategic suppliers should have pay structures in place to pay a fair living wage by 2018. By then, this will reach around 850,000 textile workers."² At the time, those workers made 60% of H&M's products, sourced from 'strategic and preferred suppliers' which H&M grades as gold or platinum.³

With H&M's deadline nearing, we set out to check what workers were making in six of those supplier factories, and how close that was to a living wage.⁴

Between March and June 2018 researchers spoke with 62 workers in Bulgaria, Turkey, India and Cambodia. This document highlights their key findings. A longer version with more details on each country and background information is also available.⁵



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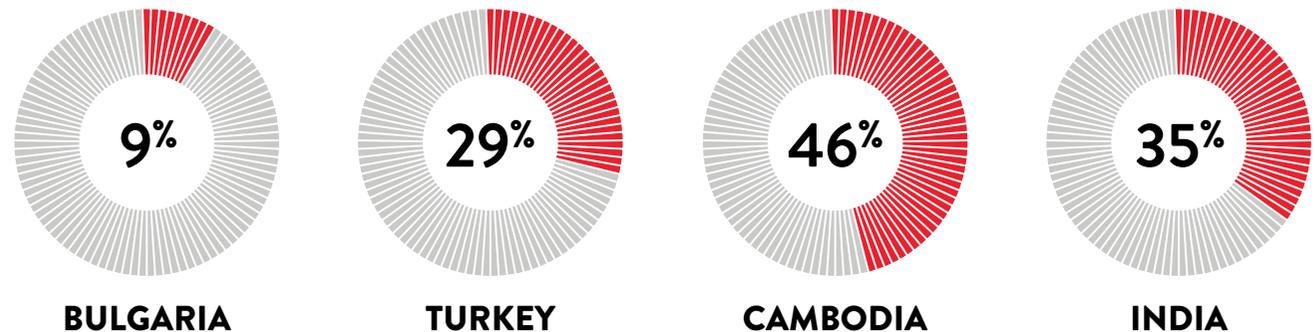
POVERTY WAGES COUPLED WITH LABOUR LAW AND HUMAN RIGHTS VIOLATIONS

- No interviewed workers earn anything near a living wage.
- Many interviewed workers and their families live below the poverty line.
- Overtime hours reported by the workers often exceed the legal maximum.
- Sunday work is common among interviewed workers.
- Overtime is reportedly not always paid in line with legal requirements.
- Hardly any interviewed workers know how their wages are calculated.
- Workplace fainting appears to be commonplace in multiple researched factories.
- Workers in all researched factories fear organizing in independent unions.

NO INTERVIEWED WORKER EARNS ANYTHING NEAR A LIVING WAGE

The interviewed workers in Turkey and India earn about a third of the estimated base living wage. In Cambodia, the respondents earn almost half a base living wage. In Bulgaria, interviewees are paid **less than 10% of a base living wage** for the regular working hours.

WORKERS' WAGE AS A SHARE OF A LIVING WAGE



The existing governmental and EU poverty thresholds rank considerably higher than the legal minimum wage and workers' actual remuneration in Bulgaria and Turkey. The Bulgarian H&M workers interviewed earn **less than two thirds of the EU's poverty threshold** despite working 80 hours a week!

WORKERS IN BULGARIA EARN LESS THAN TWO THIRDS OF THE EU'S POVERTY THRESHOLD



■ Net wage, regular working hours ■ Net wage, with overtime and allowances ■ EU-SILC poverty threshold



In Bulgaria, **none of the respondents earn the legal minimum wage** in a standard work week and no worker was paid the appropriate overtime premium.

A portion of all interviewees in India and Turkey only get paid the legal minimum wage if they work overtime and finish their quota. This not only violates the legal requirement that the statutory minimum wage must be earned in regular working hours; but ILO defines this as **forced labour**.

A number of the interviewees in India do **not earn the legal minimum wage even with overtime**.

“THE WAGES ARE SO LOW THAT WE HAVE TO WORK OVERTIME JUST TO COVER OUR BASIC NEEDS.” (A worker in India)

Workers are forced to work **excessive hours for sheer survival**. The number of overtime hours in three out of the six researched factories often exceeds the legal maximum. Working on Sundays frequently occurs in all countries. Overtime in H&M's 'gold supplier' in Bulgaria reached an outrageous level during the research period.

“WE CAN NEVER AFFORD TO WATCH A MOVIE AT THE CINEMA. HOLIDAYS ARE UNTHINKABLE. I RARELY SEE MY CHILDREN. MY HUSBAND COMPLAINS THAT WHEN I COME HOME, I AM TIRED AND EXHAUSTED.”

(A worker in Bulgaria)

While workers in all the factories fear organising in **independent unions**, union activities have been actively suppressed in two of the six researched factories. Researchers in all four countries emphasized that there are routine Freedom of Association violations in H&M suppliers, which contributes substantially to keeping wages low.

Most respondents do not know how their wage is calculated.

In all four countries, irregularities happen with regards to disciplinary wage deductions and overtime payment.

Poverty wages, constant pressure, additional household and care work for women, bad air quality and high temperatures in the workplace result in **fainting being a normal occurrence** in the factories in Bulgaria, Cambodia and India.

In **Cambodia**, our research did not reveal improvements on a number of issues that were also investigated for the 2016 report “When “best” is far from good enough. Violations of workers' rights at four of H&M “best-in-class” suppliers in Cambodia”.⁶ While irregularities related to overtime, overtime payment, disciplinary wage deductions remain the same, according to interviewees, the excessive use of short-term contracts and the health situation of workers appear to have deteriorated.

“I AM THE ONLY EARNER IN THE FAMILY. I HAVE TO LOOK AFTER MY CHILDREN'S EDUCATION. I HAVE TO WORK HARD TO GIVE THEM A BETTER FUTURE, SO THAT THEY DO NOT HAVE TO WORK IN THE GARMENT FACTORY LIKE ME.” (A worker in India)

WAGE LADDER BULGARIA ⁷

BGN 192 EUR 98 USD 117	Average net salary of interviewed workers within the regular working hours (without overtime, calculated back from overall net wage) ⁸
BGN 400 EUR 204 USD 244	Legal min net wage during time of research (Mar - May 2018) ⁹
BGN 507 EUR 259 USD 309	Average net salary of interviewed workers including overtime and allowances
BGN 528 EUR 269 USD 318	Poverty line: 60% of the average net salary in the country 2017 ¹⁰
BGN 737 EUR 375 USD 429	Poverty line for a family 2017: EU-SILC At-risk-of-poverty threshold ¹¹
BGN 800 EUR 407 USD 465	Trade union demand for a legal minimum wage: confederation KNSB / CITUB 2017 ¹²
BGN 1,000 EUR 511 USD 597	Trade union demand for a legal minimum wage: confederation Podkrepa 2017 ¹³
BGN 2,180 EUR 1,112 USD 1,330	Estimated base living wage according to interviewed workers 2018 ¹⁴
BGN 2,340 EUR 1,192 USD 1,471	Trade union calculation for a minimum costs for a decent life (a living wage): confederation KNSB / CITUB, April 2018 ¹⁵

WAGE LADDER TURKEY ¹⁶

TRY 1,603 EUR 334 USD 414	Legal min net wage during time of research (Mar - May 2018)
TRY 1,750 EUR 365 USD 452	Average net salary of interviewed workers within the regular working hours (without overtime, according to contracts)
TRY 1,957 EUR 408 USD 505	Average net salary of interviewed workers including overtime and allowances
TRY 1,893 EUR 416 USD 491	Trade union demand for a legal minimum wage: confederation Türk-İş ¹⁷
TRY 5,250 EUR 1,333 USD 1,496	"Poverty threshold" for a family, June 2017 ¹⁹
TRY 5,331 EUR 1,133 USD 1,403	Trade union calculation for a base costs for a decent life (a living wage): confederation Türk-İş, February 2018 ²⁰
TRY 6,130 EUR 1,182 USD 1,414	Estimated base living wage according to interviewed workers, May 2018 ²¹

“ YOU ENTER THE FACTORY AT 8 IN THE MORNING, BUT YOU NEVER KNOW WHEN YOU WILL BE ABLE TO LEAVE. SOMETIMES WE GO HOME AT 4 AM. ”

(A worker in Bulgaria)

WAGE LADDER CAMBODIA ²²

KHR 683,482 EUR 146 USD 170	Legal minimum wage during time of research (June 2018, minimum wage set on 5 October 2017) - Only workers in garment and footwear sectors have a legally mandated minimum wage ²³
KHR 998,319 EUR 171 USD 207	Demand for a legal minimum wage: Cambodia Labour Federation, 1 May 2018 ²⁴
KHR 896,568 EUR 190 USD 223	Average net/gross salary of interviewed workers without overtime
KHR 1,149,860 EUR 244 USD 286	Average gross salary of interviewed workers including overtime
KHR 1,939,606 EUR 410 USD 477	Asia floor wage for 2017 ²⁵

WAGE LADDER INDIA ²⁶

INR 7,531/7,339 EUR 94/91 USD 116/113	Legal min net wage during time of research (Mar - May 2018) for grade I tailor
INR 7,776 EUR 97 USD 120	Average net salary of interviewed workers without overtime
INR 9,245 EUR 115 USD 142	Average gross salary of interviewed workers including overtime
INR 18,000 EUR 224 USD 277	Trade union demand for a legal minimum wage: Centre of Indian Trade Unions (CITU) and the All-India Trade Union Congress (AITUC) ²⁷
INR 22,000 EUR 297 USD 340	Asia Floor Wage for 2017 ²⁸

HOW IS H&M PERFORMING ON IMPLEMENTING ITS “ROADMAP” STRATEGY OF ENCOURAGING GOVERNMENTS TO ALIGN MINIMUM WAGES WITH LIVING WAGES?

One of the four strategies that H&M presented in its “Roadmap towards fair living wages” was to encourage governments to set minimum wages at a living wage level. The ongoing minimum wage struggle in Bangladesh may serve as an example of H&M's performance on this point.

Despite repeated appeals for H&M to publicly support the minimum wage demand voiced by workers and their unions, H&M has remained silent on that point,²⁹ while factory owners in Bangladesh have been pushing for a minimum wage that would not even mean a real wage increase at all.³⁰

Whereas H&M is involved in a multistakeholder initiative³¹ engaging national governments on the issue of living wage, minimum wages in all researched countries are still far below living wage estimates. Meanwhile, the fashion retailer benefits from government subsidies and support in multiple ways. Examples include subsidised transportation to and from garment factories, legally mandated use of students' labour paid less than the minimum wage, tax reductions and favourable legislation.

“ TO SAVE MONEY, WE BUY SECOND HAND CLOTHES – SOMETIMES H&M CLOTHES! ” (A worker in Bulgaria)

“ I LIVE WITH MY RELATIVES AND HAVE KEPT MY FAMILY AT MY NATIVE PLACE. WE CANNOT AFFORD TO LIVE TOGETHER HERE. ” (A worker in India)

“ MY CHILDREN ARE NOT ABLE TO ATTEND EVENTS ORGANISED BY THE SCHOOL BECAUSE OF FINANCIAL SHORTAGE. SOMETIMES THEIR CLASSMATES MAKE FUN OF THEM BECAUSE OF MY FAMILY’S POOR LIFESTYLE. ” (A worker in Turkey)

“ I OFTEN TAKE LOANS FROM MY CONTRACTOR AND PAY HIM THE NEXT MONTH. I AM NOT ABLE TO GET MY ELDEST DAUGHTER ADMITTED TO SCHOOL AS I DO NOT HAVE THE MONEY. I WILL TRY NEXT YEAR. I AM REALLY WORRIED ABOUT MY CHILDREN’S FUTURE AS MY SALARY IS VERY LOW. ” (A worker in India)

“ EVEN IF WE REFUSE TO WORK OVERTIME, WE CANNOT GET HOME BECAUSE MANAGEMENT DETERMINES WHEN BUSES LEAVE. ” (A worker in Bulgaria)

“ I SPEND MOST OF MY TIME WORKING, EITHER IN THE FACTORY OR AT HOME. THERE IS NO TIME FOR REST. ” (A worker in India)

“ A FELLOW WORKER WAS FIRED AFTER SHE FAINTED. ”
(A worker in Bulgaria)

PAY A LIVING WAGE

1



FOOD

2



RENT

3



HEALTHCARE

4



EDUCATION

5



CLOTHING

6



TRANSPORTATION

7



SAVINGS

ENDNOTES

¹ <https://about.hm.com/en/about-us/markets-and-expansion/store-count-per-brand.html>

² H&M (2013): H&M's roadmap towards a fair living wage in the textile industry.

³ H&M Group Supplier List: <http://sustainability.hm.com/en/sustainability/downloads-resources/resources/supplier-list.html> - last accessed 1/8/2018

⁴ Living wage in CCC's understanding: <https://cleanclothes.org/livingwage>

⁵ <https://turnaroundhm.org/wage-research-september-2018>

⁶ By Joel Preston, CENTRAL, Cambodia, and Carin Leffler, Future In Our Hands, Norway: <https://cleanclothes.org/resources/national-cccs/when-best-is-far-from-good-enough-violations-of-workers2019-rights-at-four-of-h-m-best-in-class-suppliers-in-cambodia>

⁷ All EUR and USD conversions according to Oanda 15 May 2018 (time of research) if not otherwise stated

⁸ $507 / (176 + 4 \text{ weeks} \times (5 \times 4 \times 1,5 + 24 \times 1,75 \text{ overtime premium})) = 1,09 \text{ BGN hourly wages!}$
 $1,09 \times 176 = 192 \text{ BGN net monthly wages within regular working hours}$

⁹ The gross minimum wage is 510 BGN.

¹⁰ = 60% of 880 BGN (December 2017) NSI. 2018. Average monthly wages and salaries of the employees under labour contract in 2017. Available at:

<http://www.nsi.bg/bg/content/3928/%D0%BD%D0%B0%D1%86%D0%B8%D0%BE%D0%BD%D0%B0%D0%BB%D0%BD%D0%BE-%D0%BD%D0%B8%D0%B2%D0%BE>. Last accessed 15 April, 2018. – EUR and USD conversions Oanda 15 Dec 2017

¹¹ At-risk-of-poverty threshold, two adults with two children younger than 14 years, 2017 (EU statistics on income and living conditions (EU-SILC) – source: Republic of Bulgaria, National statistical institute NSI: Poverty and Social Inclusion Indicators – National Level, <http://www.nsi.bg/en/content/8294/poverty-and-social-inclusion-indicators-national-level>, last accessed 24 June 2018; calculation: $8.848 \text{ BGN} / 12 = 737 \text{ BGN} / \text{month}$; $4524 \text{ EUR} / 12 = 377 \text{ EUR}$ – Conversion into EUR and USD Oanda 1 July 2017

¹² OffNews. 2017. CITUB Ask for a Minimum Wage of 800 BGN. Available at: <https://offnews.bg/obshtestvo/knsb-poiska-800-leva-minimalna-zaplata-654390.html>. Last accessed 15 April, 2018.

According to CITUB since there is an annual 4.5-5 % rise in GDP in Bulgaria, this should be translated in an average rise of monthly wage 120-150 BGN, as well as 50-60 BGN annual rise in minimum wage.

¹³ According to trade union confederation Podkrepa, if productivity is twice less than EU average and wages are five times less, that means wages in Bulgaria are undervalued two and a half times. Therefore, according to Podkrepa, realistically minimum wage should be at least 1000 BGN or more until the end the term of the current government, which should be 2021. News.bg. 2017. KT Podkrepa Ask for a Minimum Wage of 1000 BGN. Available at: <https://news.bg/finance/1000-leva-minimalna-rabotna-zaplata-iskat-ot-kt-podkrepa.html>. Last accessed 15 April, 2018.

¹⁴ According to interviewees and numbeo data where workers estimation was unrealistically low or where workers could not give an estimate. https://www.numbeo.com/cost-of-living/country_result.jsp?country=Bulgaria; accessed 14/5/2018

¹⁵ Bulgarian trade union KNSB/CITUB's Institute for Trade Union and Social Studies calculation of minimum costs for a decent life / a minimum living wage; the calculation includes expenses for food, housing, utilities (electricity, heating, water), healthcare, education, transportation and vacation, but no clothing, culture, communication, and savings for emergencies. Source: <http://www.knsb-bg.org/index.php/%D0%B2%D1%81%D0%B8%D1%87%D0%BA%D0%B8-%D0%BD%D0%BE%D0%B2%D0%B8%D0%BD%D0%B8/522-%D0%BD%D0%BE%D0%B2%D0%B8%D0%BD%D0%B8-%D0%B7%D0%B0%D0%BF%D0%BB%D-0%B0%D1%89%D0%B0%D0%BD%D0%B5-%D0%BD%D0%B0-%D1%82%D1%80%D1%83%D0%B4%D0%B0/4778-2340>

¹⁶ All EUR and USD conversions according to Oanda 15 March 2018 (time of research) if not otherwise stated

¹⁷ Trade union Türk-İş for 2018: <https://bit.ly/2Kb2FGU>, December 2017 – Conversions into EUR and USD: Oanda 15/12/2017

¹⁸ February, 2018 Ministry of Economy of Turkey, (<https://bit.ly/2K8ZYG3>) - Oanda 15 Feb 2018

¹⁹ For 4 persons household, Turkey Kamu-Sen Research and Development Center: <https://bit.ly/2MjCzhM> - Oanda 15 June 2017

²⁰ For 4 persons household, trade union confederation Türk-İş, Türk-İş Research: <https://bit.ly/2Mn8M7Q> / <http://www.turkis.org.tr/default.asp> - Oanda 15 Feb 2018

²¹ According to interviewees and numbeo data where workers estimation was unrealistically low or where workers could not give an estimate. https://www.numbeo.com/cost-of-living/country_result.jsp?country=Bulgaria; accessed 14/5/2018

²² All EUR and USD conversions according to Oanda 15 June 2018 (time of research) if not otherwise stated

²³ Legal changes in 2018 have shifted mandatory contributions to the National Social Security-Fund entirely to the employer (gross = net).

²⁴ Oanda 1 May 2018

²⁵ Oanda 1 July 2017

²⁶ All EUR and USD conversions according to Oanda 15 March 2018 (time of research) if not otherwise stated

²⁷ Rs. 18,000 per month has been accepted by the Government of India as the new minimum wage for Central Government employees.

²⁸ Oanda 1 July 2017

²⁹ See <https://turnaroundhm.org/2018-07-10/>

³⁰ See <https://cleanclothes.org/news/2018/08/28/brands-support-for-a-living-wage-for-garment-workers-in-bangladesh>

³¹ <https://actonlivingwages.com/>



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