

# H&M:

## FAIR LIVING WAGES WERE PROMISED, POVERTY WAGES ARE THE REALITY

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

The H&M group is one of the world's largest retailers with 4,801 shops<sup>1</sup> 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."<sup>2</sup> 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.<sup>3</sup>

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

In our understanding, a living wage should be earned in a standard working week and allow the garment worker and her/his family to cover basic needs: food to meet nutritional needs, housing, healthcare, clothing, transportation and education, plus 10% discretionary income for savings, or protection in case of the unexpected.

Our researchers spoke with 62 workers in Bulgaria, Turkey, India and Cambodia. This document highlights their key findings as well as some additional facts that shed light on H&M's supply chain and the brand's progress in implementing its commitments.



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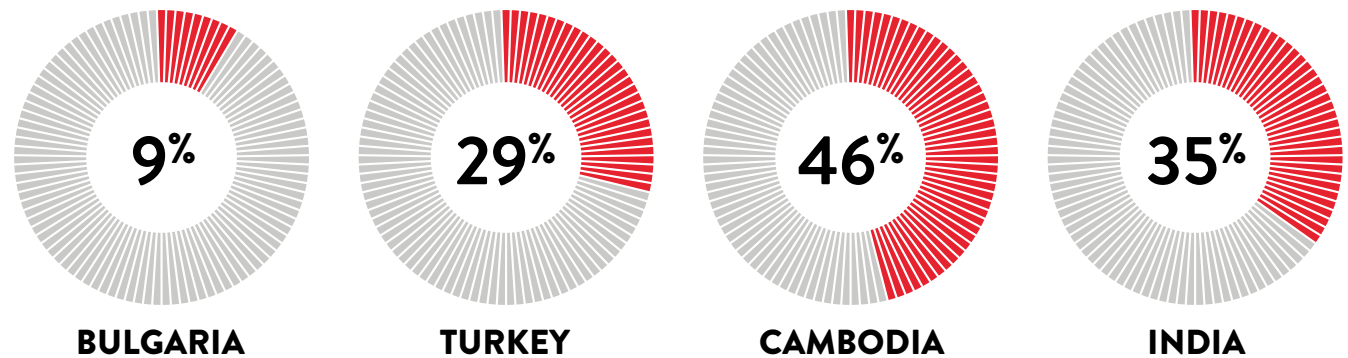
# SUMMARY OF FINDINGS

## POVERTY WAGES COUPLED WITH FIERCE 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.

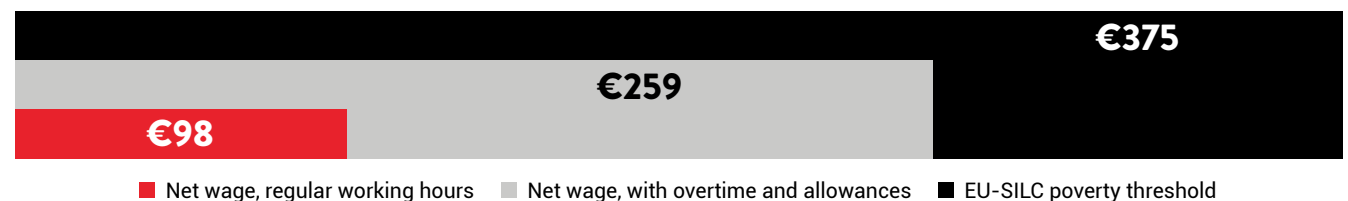
The Indian and Turkish workers interviewed earn about a third of the estimated base living wage. In Cambodia, the respondents earn almost half a base living wage. In **Bulgaria**, interviewees are paid **less than 10%** of a base living wage for the regular working hours.

### 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 interviewed H&M workers in Bulgaria 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





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.

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 common 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”.<sup>4</sup> 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.

<b>PAY A LIVING WAGE</b>	1	 <b>FOOD</b>	
	2	 <b>RENT</b>	
	3	 <b>HEALTHCARE</b>	
4	 <b>EDUCATION</b>	5	 <b>CLOTHING</b>
6	 <b>TRANSPORTATION</b>	7	 <b>SAVINGS</b>

# THE CASE OF KOUSH MODA

## AN H&M 'GOLD SUPPLIER'

“ TO SAVE MONEY, WE BUY SECOND HAND CLOTHES – SOMETIMES H&M CLOTHES! ”

(A worker in Bulgaria)

Workers are pressured to work 12 hours per day, seven days a week, and never receive the statutory minimum wage within standard working hours.

Workers reported that they have to work overtime just to earn the statutory minimum wage, but even doing **overtime** does not necessarily mean they will receive the minimum wage. Workers reported that they have to work 12 hours per day, seven days a week. Sometimes they work 24 hours in a row, plus the next day's shift. At the time of research, this amounted to 44 hours of overtime per week (4 hours per weekday + 2 x 12 hours during weekends). This is far beyond any legal limits for overtime and for consecutive working hours.

“ WE DO NOT HAVE A CHOICE. THERE IS NO OTHER WORK AROUND HERE. ”

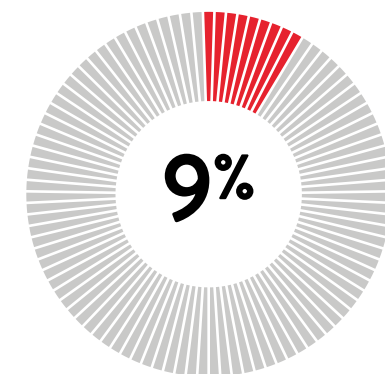


Do workers working 44 overtime hours a week earn the statutory **minimum wage**?

Bulgarian labour law determines that the overtime premium must be 50% on regular working days, 75% on weekends, and 100% during official holidays. The workers with the highest salary in the factory are said to receive about 900 BGN net (459 EUR/549 USD). For a Bulgarian garment worker, this is unusually high, but this includes payment for 44 overtime hours per week. Within the regular working hours it translates to net earnings of only 341 BGN/174 EUR/208 USD, which is still below the statutory minimum wage (400 BGN/204 EUR/244 USD net).<sup>5</sup> For the average reported net salary of 507 BGN (259 EUR/309 USD), the wage earned within regular working hours is 192 BGN/98 EUR/117 USD per month in average <sup>6</sup> with an hourly wage of 1 BGN /0,51 EUR/0,61 USD.

One worker reported to not have received a labour contract. According to the interviewees, the factory also employs home-based workers, to repair defective clothes, for instance. Their working conditions could not be established. Workers in the factory reported that labour inspection visits were preceded by the management coaching workers on how to respond. In addition, management blocked attempts for unionization.

### WORKERS' WAGE AS A SHARE OF A LIVING WAGE





“ 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 BULGARIA<sup>7</sup>

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)<sup>8</sup>

BGN 400  
EUR 204  
USD 244

**Legal min net wage** during time of research (Mar - May 2018)<sup>9</sup>

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<sup>10</sup>

BGN 737  
EUR 375  
USD 429

**Poverty line for a family 2017:** EU-SILC At-risk-of-poverty threshold<sup>11</sup>

BGN 800  
EUR 407  
USD 465

**Trade union demand for a legal minimum wage:** confederation KNSB / CITUB 2017<sup>12</sup>

BGN 1,000  
EUR 511  
USD 597

**Trade union demand for a legal minimum wage:** confederation Podkrepa 2017<sup>13</sup>

BGN 2,180  
EUR 1,112  
USD 1,330

Estimated base **living wage** according to interviewed workers 2018<sup>14</sup>

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<sup>15</sup>

# THE CASE OF PAMEKS GIYIM

## ISTANBUL BRANCH, AN H&M 'GOLD SUPPLIER'

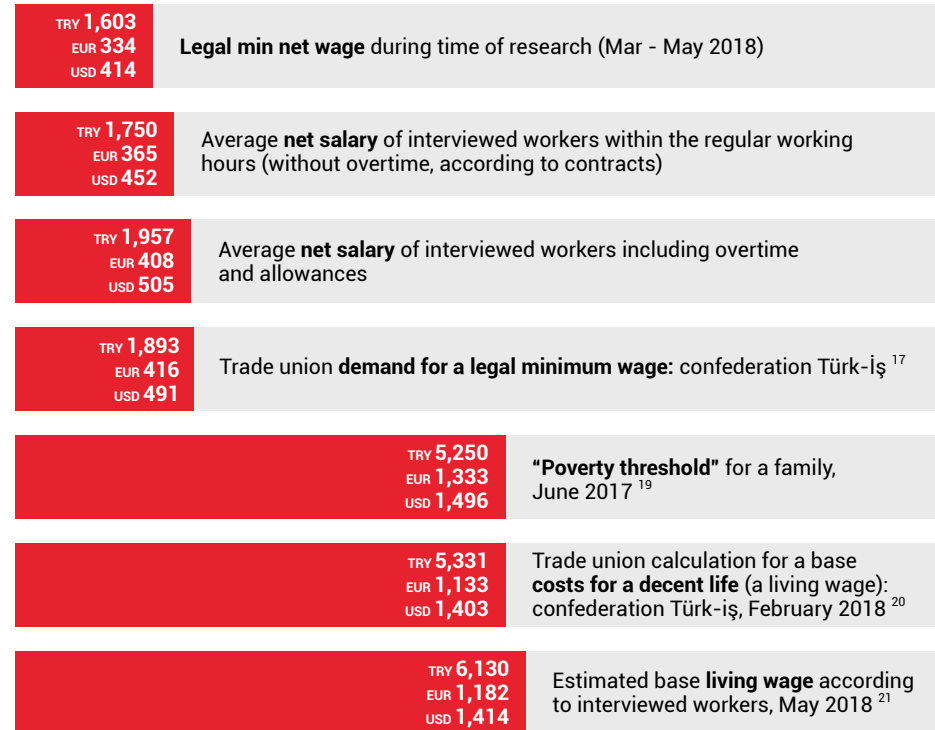
### Workers are afraid to complain about working conditions.

Since the fatal incident in this factory in 2009, when nine women workers died, the pressure on workers has increased. They are afraid to complain about working conditions for fear of getting fired. Therefore, researchers struggled more than usual to find workers willing to speak with them.

Workers reported contractual **wage** just above the minimum wage; they earned 1,750 TRY / 365 EUR per month on average, while the net minimum wage was 1,603 TRY / 334 EUR. These workers are often the families' only breadwinners.

Workers reported that they work, on average, 23 overtime hours per week, but there are weeks at a time when they are expected to work 45 **overtime** hours. They work "every day from 8.00 AM until midnight". This violates Turkish law (legal maximum: 78 hours a month, 270 hours a year), as does the lack of payment of the legal overtime premium that was also reported by the workers. Interviewees also reported that disciplinary wage **deductions** are broadly applied.

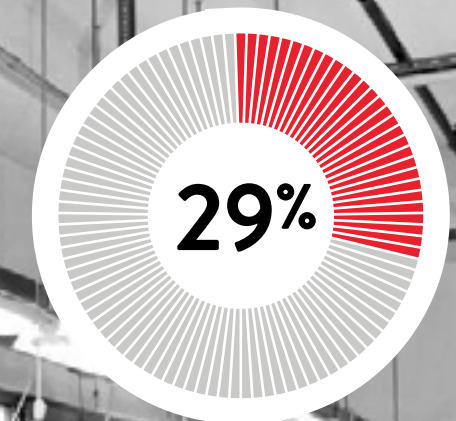
## WAGE LADDER TURKEY <sup>16</sup>



“SOMETIMES I AM NOT ABLE TO SEE MY FAMILY MEMBERS. I COME HOME AND CRASH ON MY BED.”

(A worker in Turkey)

## WORKERS' WAGE AS A SHARE OF A LIVING WAGE



# THE CASE OF EASTEX GARMENT CO., LTD. AND SEDUNO INVESTMENT CAMBO FASHION CO., LTD. H&M 'PLATINUM SUPPLIERS'

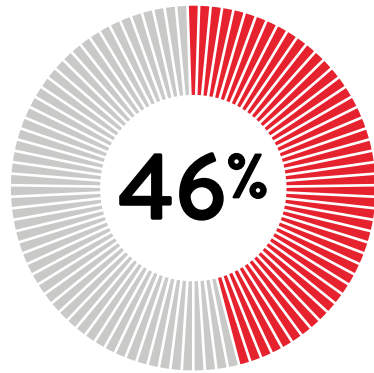
Ever more precarious contracts, routine overtime without sufficient compensation, disciplinary wage deductions, and deteriorating workers' health.

We conducted research on two of the four factories investigated in 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". The aim was to compare the situation and check whether there had been any improvement to the wage level and violations reported then.

Just like in 2016, all interviewed workers got at least the minimum **wage** per month before overtime. In comparison with CCC's 2016 research, which reported an average wage of 173 USD without overtime, the reported wage without overtime rose by 29%. This is mainly due to an increase in the statutory minimum wage by 21% (from 140 USD in 2016 to 170 USD in 2018). This minimum wage hike was the result of several years of labour unrest and wage struggles.



## WORKERS' WAGE AS A SHARE OF A LIVING WAGE



ILO found that the development of the real minimum wage (as an inflation-adjusted nominal minimum wage) shows a much smaller increase, if any at all, prior to 2016.<sup>22</sup> That means that the minimum wage increase barely compensated for the inflation in the years before 2016.

Concerning **overtime**, the situation remains unchanged: Workers reported regularly working 10 hours a day, i.e. eight standard hours plus the legally possible two overtime hours despite the fact that Cambodian labour law says overtime should only occur in exceptional and urgent cases. The 41 overtime hours, which respondents worked on average, do suggest regularity of its occurrence; workers work overtime on at least 20 of the 26 standard working days per month (six days a week).

The difference between reported wages with and without overtime (63 USD average) is lower than what the average overtime hours would require as additional remuneration (66 USD) based on the mandatory overtime premium of 50%.<sup>23</sup> This gap increases when considering work on Sundays with an overtime premium of 100%. All interviewed workers had to work an average of 3.4 Sundays during the previous three-month period. The only possible conclusion is that overtime payment is sometimes not compliant with the law.

Two thirds of respondents have **fainted** at work and all workers have had to receive glucose drips because of dehydration. The health of workers seems to have worsened compared to 2016. Moreover, the issue of **short-term contracts** has deteriorated. A vast majority (85%) of respondents said their labour contract is valid for only three to six months. In 2016 more workers had unlimited duration contracts. Cambodian law allows any fixed term contract in the first two years of service. Two thirds of respondents with short-term contracts have been employed for two or more years in the factory. After this time period, the law requires a modification of their employment into an unlimited duration contract.

All workers reported **disciplinary wage deductions**, which is illegal according to articles 126–129 of the Cambodian labour code and not permitted according to H&M's code of conduct. As in some other aspects, the situation remains unchanged compared to 2016.

## WAGE LADDER CAMBODIA <sup>24</sup>

<p>KHR 683,482 EUR 146 USD 170</p>	<p><b>Legal minimum wage</b> 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 <sup>25</sup></p>
<p>KHR 998,319 EUR 171 USD 207</p>	<p>Demand for a <b>legal minimum wage</b>: Cambodia Labour Federation, 1 May 2018 <sup>26</sup></p>
<p>KHR 896,568 EUR 190 USD 223</p>	<p>Average <b>net/gross salary</b> of interviewed workers without overtime</p>
<p>KHR 1,149,860 EUR 244 USD 286</p>	<p>Average <b>gross salary</b> of interviewed workers including overtime</p>
<p>KHR 1,939,606 EUR 410 USD 477</p>	<p><b>Asia Floor Wage</b> for 2017 <sup>27</sup></p>



# THE CASE OF TWO H&M ‘GOLD SUPPLIERS’

## Numerous irregularities in wage and overtime practices.

Workers in India asked for their factories not to be identified.

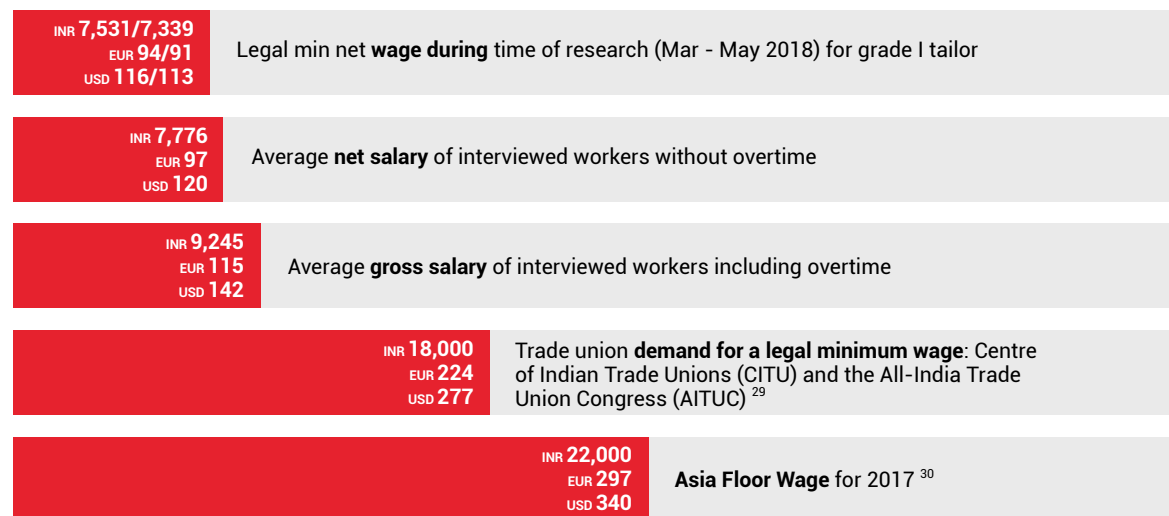
In one of the two factories, workers reported that they do not earn the minimum **wage** even after working overtime. Three quarters of the workers interviewed reported disciplinary wage deductions.

During the time of the research, the **working hours** in one factory were 11 hours per day or more, whereas the legal maximum is 10 hours. Often there is no evening break. The overtime practices in this factory break the overtime law to an even greater extent than the other researched factories.

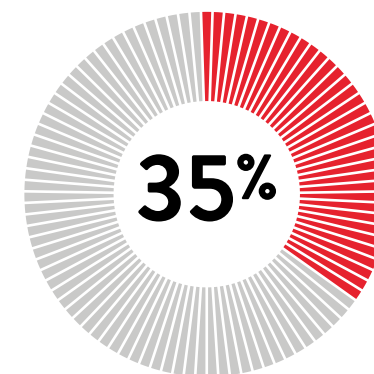
Some of the interviewees reported working on a piece-rate basis and being paid in cash. These interviewees worked almost every Sunday - so seven days a week - and were not provided with payslips. For the rest of respondents, **overtime** is sometimes paid in cash and not properly reflected in payslips. Additionally, workers told researchers that the legally required premium for overtime is not paid, for instance for Sunday work (it should be double the normal wages).

According to respondents, there is no union or worker representation in any of the two factories.

## WAGE LADDER INDIA<sup>28</sup>



**WORKERS' WAGE  
AS A SHARE OF A  
LIVING WAGE**



# THE CASE OF SHAHI EXPORTS PVT LTD.

## BANGALORE, AN H&M 'GOLD SUPPLIER'

This case was initially beyond the scope of our field research, but came to our attention through the workers' request for urgent assistance.

In early 2018, workers of Shahi's Unit 8 in Bangalore suffered physical assaults, death threats, and insults based on caste status and religious beliefs. There were threats of mass dismissals and 15 workers were suspended.<sup>31</sup> "The violations occurred (...) in the course of a deliberate effort by Shahi to repress the organization of a union at the factory and, relatedly, prevent an increase in garment workers' wages. (...) Shahi Exports Pvt. Ltd. is India's largest garment manufacturer with more than US \$850 million in annual revenue. (...) Workers at the Shahi Unit 8 factory, however, only earn an estimated average wage of roughly US \$0.62" or 0.57 EUR per hour (ibid, page 3).

Clean Clothes Campaign and Asia Floor Wage Alliance (AFWA) actively supported KOOGU's demands (and the Worker Rights Consortium's recommendations for corrective action) towards brands and retailers sourcing from Shahi including H&M. This led to negotiations for a Memorandum of Understanding,<sup>32</sup> which aims to take up collective bargaining on wage and working conditions. However, while a meeting between the union and the management has taken place, collective bargaining has not started yet. Clean Clothes Campaign, Workers Rights Consortium and Asia Floor Wage Alliance expect H&M to actively continue to ensure freedom of association throughout Shahi unit 8, which includes ensuring workers' rights to form and join unions and engage in collective bargaining. Secondly, the retailer giant should pro-actively engage in informing workers that its gold suppliers respect freedom of association in all its units across the country.



# A DAY IN THE LIFE OF A GARMENT WORKER IN INDIA

**“ 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., 40 years old, is married, has three children and works in a garment factory. She gets up at 4.30 AM to do household work and to prepare food for her family. To reach the factory on time she frequently skips breakfast. She stated that even if she is just a minute late, she loses her wage for a whole hour. She starts her day at the factory at 7.30 in the morning. On a normal day, she gets done between 6.30 and 7 in the evening, but she is often made to work extra hours.

She has fainted at the factory twice. Once she recovered in a few minutes, but the other time fellow workers had to take her to the hospital because she had hit a machine and was bleeding internally.

She is the single breadwinner in her family, meaning that she takes care of the five family members with a wage of a mere 6000 INR/85 EUR per month.



# WHAT CONSEQUENCES DO POVERTY WAGES HAVE ON WORKERS' NUTRITION AND HEALTH?

## A GENDERED SITUATION

In all the researched countries the long working hours, often every day of the week, combined with high work pressure, hot temperatures and a noisy and poorly ventilated work environment result in workers fainting at their workstations.

Frequent Sunday work means that workers do not even get a day off for some rest and recuperation from the rigours of work. In addition, women workers have to care for the household and family. These factors combined have a detrimental effect on women workers' health.

**“A FELLOW WORKER WAS FIRED AFTER SHE FAINTED.”**

(A worker in Bulgaria)

During the year prior to our interviews, one in five of the Indian workers interviewed (both men and women) had fainted, and almost as many had had glucose drips. In India, workers who faint or have glucose drips are exclusively

women. Every third interviewed Indian woman and two thirds of all Cambodian interviewees had fainted at work. Also in Bulgaria respondents see fainting as an everyday work occurrence.

**“I SPEND MOST OF MY TIME WORKING, EITHER IN THE FACTORY OR AT HOME. THERE IS NO TIME FOR REST.”**

(A worker in India)

Low wages lead to the low consumption of protein-rich foods such as milk or eggs.

For instance, over four in ten (43%) respondents in India reported that their family rarely consumed milk. Cambodian interviewees told researchers, that they can never afford to drink milk.

**“WE BUY LOW QUALITY FOOD, WHICH IS CHEAPER.”**

(A worker in India)

On the question of how workers cope with their low wages, all Cambodian respondents answered that they save on food first and foremost. When asked, what they cannot afford with their wages, all responded: “nutritious food” and “meat” followed by “enough sleep”.

**“I QUIT BECAUSE I WAS SO EXHAUSTED EVERY DAY.”**

(Former H&M worker in Bulgaria)

Women workers in India and Cambodia tend to consume nutritious foods yet less than men. “The combination of calorie deficiency, relentless working hours is violent in the wages it withholds and the labour it extracts.”<sup>33</sup>

**“WE BRING FOOD FROM OUR HOME AREAS SO THAT WE CAN SAVE MONEY, WHICH IS USED FOR OUR CHILDREN'S EDUCATION.”**

(A worker in India)

# WHAT IMPACT DO POVERTY WAGES HAVE ON WORKERS' FAMILIES?

Workers in all researched countries reported that it is very difficult for them to shoulder household and care work in their families on top of an extremely exhausting job.

Moreover, due to their low wage, they cannot even dream of doing social or cultural activities or taking holidays.

A 23-year-old Indian worker reported that he is delaying his marriage as he does not feel confident that he would be able to support a family with his low wage.

**“ 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 LIVE WITH MY RELATIVES AND HAVE KEPT MY FAMILY AT MY NATIVE PLACE. WE CANNOT AFFORD TO LIVE TOGETHER HERE. ”**

(A worker in India)

**“ 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)

**“ 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)



# BACKGROUND INFORMATION

## WHAT DID H&M PROMISE?

In 2013, H&M published its "Roadmap towards fair living wages" and gave 850,000 workers hope of a living wage by 2018. The roadmap presented four strategies that would, according to H&M, lead to a fair living wages for workers in their supply chain: 1) supporting **factory owners** in developing pay structures that enable the payment of fair living wages, 2) improving **purchasing practices** to ensure it enables suppliers to pay their workers for the true cost of labour, 3) encouraging **governments** to engage in a process to identify a living wage level, set a minimum wage accordingly and review wages annually thereafter, 4) supporting **workers** to ensure they have access to education, skill enhancement and improving their bargaining position through ensuring that democratically elected worker representatives are in place.

## HOW HAS H&M CHANGED ITS PROMISE?

Since 2013 H&M has reworded its commitment and now the original fair living wages promise no longer features in corporate communication. Moreover, the original Roadmap documents are not accessible on H&M's website anymore.<sup>34</sup>

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

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 all unions, H&M did not take the lead in this minimum wage struggle on the side of the brands and retailers – the buyers of clothes made in Bangladesh.<sup>35</sup>

Whereas H&M is involved in a multistakeholder initiative<sup>36</sup> 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. Indeed, in all researched countries, governments are busy creating a more employer friendly environment.

In **Bulgaria** for instance, the transportation costs for the workers travelling between their home villages and their place of work were covered by EU and national subsidies.<sup>37</sup> However, this transport is strategically used by the management to harass workers yet further.

“ONE TIME IN WINTER WHEN THERE WAS HEAVY SNOW, THE FACTORY TRANSPORT BUSES WERE NOT OPERATING DUE TO THE WEATHER CONDITIONS. SO, WE HAD TO WALK KILOMETRES THROUGH HIGH SNOW IN THE MIDDLE OF THE NIGHT.” (A worker in Bulgaria)

“EVEN IF WE FINISH OUR QUOTA EARLY, WE HAVE TO WAIT UNTIL THE LAST COLLEAGUE FINISHED, BECAUSE ONLY THEN THE FACTORY BUSES LEAVE.” (A worker in Bulgaria)

**“ EVEN IF WE REFUSE TO WORK OVERTIME, WE CANNOT GET HOME BECAUSE MANAGEMENT DETERMINES WHEN THE BUSES LEAVE. ”**

(A worker in Bulgaria)

Particularly garment suppliers also benefit from and often abuse the recently introduced “dual education system”. This system makes it possible for students to be legally recruited for work at below-minimum wage levels. Employers in the garment industry often use this scheme for all newly employed personnel. The Bulgarian garment industry employers, 90% of whom produce for foreign brands and retailers, are currently also pushing for changes to the labour code to make it “more flexible and competitive”.

**“ I WOULD GIVE EVERYTHING TO BE ABLE TO BUY A TOY CAR FOR MY FOUR CHILDREN. I DREAM ABOUT IT DAY AND NIGHT, BUT I DOUBT THAT I WILL EVER BE ABLE TO MAKE THIS COME TRUE. ”**

(A worker in Turkey)

In **Turkey**, various H&M suppliers including gold suppliers operate in so-called free zones, where taxes are either reduced or waived, along with other favourable conditions.

In **India**, the government has formulated a number of bills that reduce workers' rights and entitlements. One has increased the number of overtime hours from 50 to 100 per quarter.<sup>38</sup> Shahi Exports Pvt. Ltd “aggressively – and successfully – lobbied the government of the state of Karnataka, where Shahi Unit 8 and many of the company's other factories are located, to cancel a scheduled increase in the state's minimum wage for workers in the garment sector.”<sup>39</sup>

## HOW WAS THIS RESEARCH CONDUCTED?

Through the years, Clean Clothes Campaign has investigated the human rights related conduct of H&M in its garment production, checking the brand's claims against the reality. For this report, field research was undertaken in Bulgaria, Cambodia, India and Turkey. The research team selected supplier factories which would be subject to H&M's 2013 promise: gold and platinum suppliers. Between March and June 2018 workers from six gold and platinum suppliers were interviewed. Documents such as payslips and labour contracts were reviewed.

It has to be noted that the major difficulty all researchers encountered in field research was to find workers who accepted an interview request. Most workers feared dismissal or were scared of other reprisals. This was particularly true for Bulgaria and Turkey. While workers in India objected to the names of their factories to

be published, workers in Bulgaria, Turkey and Cambodia agreed to disclosing the names of the factories.

## HOW DOES THIS RESEARCH RELATE TO THE REST OF H&M'S SUPPLY CHAIN?

CCC investigated factories where H&M's products are made because the original living wage promise referred to the production part of the supply chain. However, the fashion giant's products are traded through logistics hubs, for example in Italy, and sold in stores in India or Bulgaria or Germany and many other countries worldwide, where anecdotal evidence suggests that workers also have to endure poor working conditions and work for poverty wages.



# ENDNOTES

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

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

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

<sup>4</sup> 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>

<sup>5</sup>  $900 / (176 + 4 \text{ weeks} \times (5 \times 4 \times 1,5 + 24 \times 1,75 \text{ overtime premium})) = 1,94 \text{ BGN per hour}; 1,94 \times 176 = 341 \text{ BGN earned wages within regular working hours of 176 per month.}$

<sup>6</sup>  $507 / (176 + 4 \text{ weeks} \times (5 \times 4 \times 1,5 + 24 \times 1,75 \text{ overtime premium})) = 1,09 \text{ BGN hourly wages!}; 1,09 \times 176 = 192 \text{ BGN net monthly wages within regular working hours}$

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

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

<sup>9</sup> The gross minimum wage is 510 BGN.

<sup>10</sup> = 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

<sup>11</sup> 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

<sup>12</sup> 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.

<sup>13</sup> 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.

<sup>14</sup> 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](https://www.numbeo.com/cost-of-living/country_result.jsp?country=Bulgaria); accessed 14/5/2018

<sup>15</sup> 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%D0%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>

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

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

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

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

<sup>20</sup> 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

<sup>21</sup> 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](https://www.numbeo.com/cost-of-living/country_result.jsp?country=Bulgaria); accessed 14/5/2018

<sup>22</sup> International Labour Organisation (ILO). "Trends in Cambodian garment and footwear prices and their implications for wages and working conditions" Cambodian Garment and Footwear Sector Bulletin, No. 4. Phnom Penh: ILO. 2016 Figure 7: Nominal and real minimum wage (Cambodian garment and footwear sector) page 4



<sup>23</sup> An average monthly wage before overtime of 223 USD equals 1.07 USD per hour – 223 / 208 standard work hours per month. 1.07 USD x 1,5 x 41 hours average overtime = 66 USD.

<sup>24</sup> All EUR and USD conversions according to Oanda 15 June 2018 (time of research) if not otherwise stated

<sup>25</sup> Legal changes in 2018 have shifted mandatory contributions to the National Social Security Fund entirely to the employer (gross = net).

<sup>26</sup> Oanda 1 May 2018

<sup>27</sup> Oanda 1 July 2017

<sup>28</sup> All EUR and USD conversions according to Oanda 15 March 2018 (time of research) if not otherwise stated

<sup>29</sup> Rs. 18,000 per month has been accepted by the Government of India as the new minimum wage for Central Government employees.

<sup>30</sup> Oanda 1 July 2017

<sup>31</sup> <https://www.workersrights.org/wp-content/uploads/2018/06/WRC-Assessment-re-Shahi-India-6.20.18.pdf>

<sup>32</sup> <https://www.workersrights.org/wp-content/uploads/2018/06/MoU-KOOGU-Shahi-8-Union-office-bearers-with-the-management.pdf>

<sup>33</sup> Asia Floor Wage Alliance, CENTRAL, Global Labour Justice, Sedane Labour Resource Centre, Society for Labour and Development: „Gender Based Violence in the H&M Garment Supply Chain, WORKERS VOICES FROM THE GLOBAL SUPPLY CHAIN: A Report to the ILO 2018“. Page 7 - <https://asia.floorwage.org/workersvoices/reports/gender-based-violence-in-the-h-m-garment-supply-chain>

<sup>34</sup> Details are available in a separate document, see FAQs at [www.turnaroundhm.org](http://www.turnaroundhm.org).

<sup>35</sup> <https://turnaroundhm.org/2018-07-10/>

<sup>36</sup> <https://actonlivingwages.com/>

<sup>37</sup> Unified Management Information System for the EU Structural Instruments in Bulgaria. Providing grants for organized transport to and from the workplace for employees of KOUSH GROUP. Available at: <http://umispublic.government.bg/srchProjectInfo.aspx?id=107072>.

<sup>38</sup> <https://www.firstpost.com/business/lok-sabha-passes-bill-to-double-overtime-hours-for-factory-workers-2947942.html>

<sup>39</sup> <https://www.workersrights.org/wp-content/uploads/2018/06/WRC-Assessment-re-Shahi-India-6.20.18.pdf> - page 3



This publication is part of the “Turn Around, H&M!” campaign coordinated by Clean Clothes Campaign and actively supported by the International Labor Rights Forum and [wemove.eu](http://wemove.eu).

[turnaroundhm.org](http://turnaroundhm.org)

**#TurnAroundHM #LivingWageNow**

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**Disclaimer:**

Photographs used in this publication do not portray any of the interviewed workers or their workplaces (except p. 3 and 4).

SEPTEMBER 2018