

## Detailed wage and worker data for the first six months of 2020<sup>1</sup>

In 2020, we monitored the wages paid to workers by our suppliers' factories. In this section, we present this data for the first six months of the year. Our commitment is to contribute to the full enforcement of statutory minimum wages and the wage levels agreed through collective bargaining, while at the same time supporting an increase of wages over time.

Because national responses to COVID-19 impacted wage trends differently, we have chosen to present data country by country. We also present available data about the number of workers employed in suppliers' factories, to show the impact of job disruptions caused by COVID-19.

### BANGLADESH

Because of COVID-19, the Government closed down all factories between 26 March and 26 April, and announced that factory owners would receive subsidised loans against their commitment to pay workers 65% of the minimum wage.

As a consequence, both March and April gross average wages were affected, and in April the wages were slightly below the standard minimum wage level. However, the average of the wages paid in the first six months of 2020 remained overall in line with the 2019 average wage, due to a rebound of business in May and June. May compensation also registered the payment of the Eid Bonus,<sup>2</sup> which was made in full.

At the beginning of the year, employment was at a peak level, because business conditions were favourable. From April onwards, due to the pandemic, a significant decline in employment was registered.

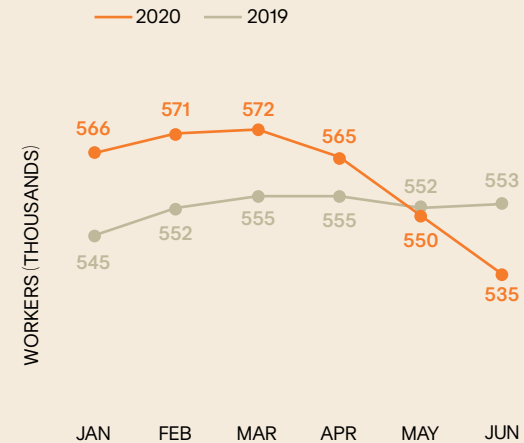
#### GROSS AVERAGE WAGES (USD)

AT SUPPLIER FACTORIES IN BANGLADESH FOR THE FIRST 6 MONTHS OF 2020



#### AVERAGE NUMBER OF WORKERS (THOUSANDS)

AT SUPPLIER FACTORIES IN BANGLADESH FOR THE FIRST 6 MONTHS OF 2020, COMPARED TO 2019



<sup>1</sup> WORKER DATA IS PRESENTED AS LIKE-FOR-LIKE ANALYSIS AND COVERS WORKERS AT MANUFACTURING (TIER 1) FACTORIES FOR ALL COMMERCIAL PRODUCT TYPES THAT HAVE SHARED COMPLETE WORKER DATAPPOINTS WITH H&M GROUP FOR THE PERIODS BOTH 2020 H1 AND 2019 H1.

<sup>2</sup> A LEGALLY-MANDATED FESTIVITY ALLOWANCE, GIVEN TO WORKERS TO MARK THE CELEBRATION OF EID AL-FITR.

## CAMBODIA

In Cambodia there was no official regulation requesting factories to close down; however, some factories suspended their operations because of business reduction or logistics issues in April, May and June.

Overall gross average wages were lower than in 2019, but still above the minimum wage, with an exception for the month of April in some factories. As per a Government directive, workers who could not go to work for a certain number of days in May and June received 30 USD per month from the employer and an additional 40 USD per month from the Government. The latter amount is not included in the data shown here, because transfers were made directly to workers and cannot be verified.

Total employment was lower than in the same period of last year, showing a slight decline over the first six months of 2020.

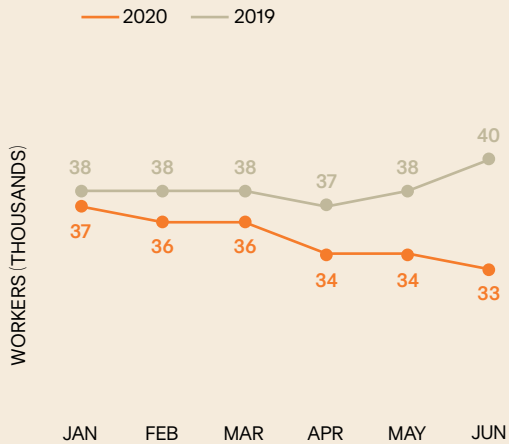
### GROSS AVERAGE WAGES (USD)

AT SUPPLIER FACTORIES IN CAMBODIA FOR THE FIRST 6 MONTHS OF 2020



### AVERAGE NUMBER OF WORKERS (THOUSANDS)

AT SUPPLIER FACTORIES IN CAMBODIA FOR THE FIRST 6 MONTHS OF 2020, COMPARED TO 2019



## CHINA

Gross average wages were consistently above the minimum wage, although they were lower than the 2019 average. Factories were mostly closed in February and March, and wages were paid according to local regulations — varying between 100% and 70% of the minimum wage.

The total level of employment slightly decreased in February, partially because of the Chinese New Year Holiday (as every year) and because of COVID-19. Overall, total employment levels remained quite stable in 2020, albeit slightly lower compared to 2019, mainly due to normal changes in business patterns.

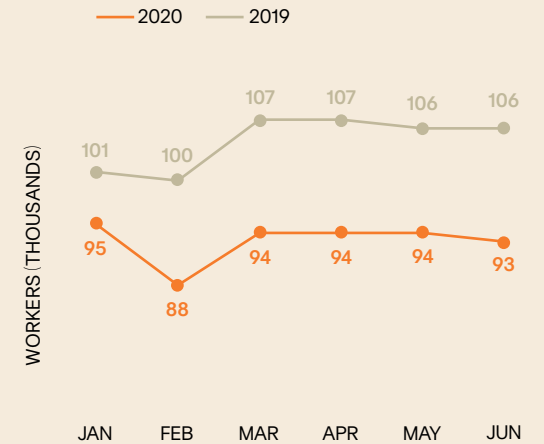
### GROSS AVERAGE WAGES (USD)

AT SUPPLIER FACTORIES IN CHINA FOR THE FIRST 6 MONTHS OF 2020



### AVERAGE NUMBER OF WORKERS (THOUSANDS)

AT SUPPLIER FACTORIES IN CHINA FOR THE FIRST 6 MONTHS OF 2020, COMPARED TO 2019



## INDIA

There was a full lockdown from the end of March until mid-May. In this period, compensation to workers was set — following a Supreme Court judgment — on the basis of factory-level negotiations between employers and worker committees or recognised trade unions. Approximately 30% of our suppliers' factories set compensation at 100% of the minimum wage; approximately 5% at between 50% and 100%; approximately 40% at 50%; and the remaining 25% at below 50%. Overall, the gross average wage in the first six months of 2020 was above the minimum wage (with the exception of April), although the premium paid was generally lower than in 2019.

In the first three months of 2020, employment levels were in line with 2019. From April to June there was quite a significant reduction, mostly due to migrant workers being unable to return to factory work after temporarily going back to their home town.

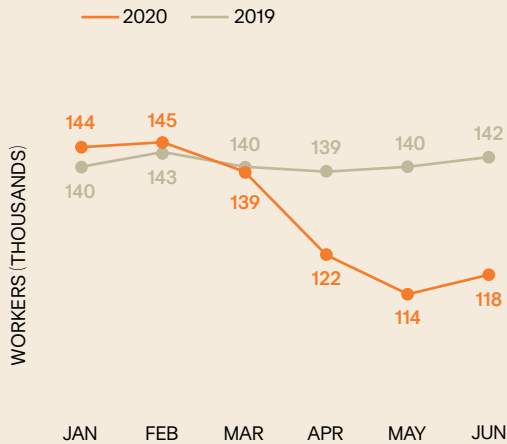
### GROSS AVERAGE WAGES (USD)

AT SUPPLIER FACTORIES IN INDIA FOR THE FIRST 6 MONTHS OF 2020



### AVERAGE NUMBER OF WORKERS (THOUSANDS)

AT SUPPLIER FACTORIES IN INDIA FOR THE FIRST 6 MONTHS OF 2020, COMPARED TO 2019



## INDONESIA

The impact of COVID-19 was felt from April to June. While 57% of the factories were able to maintain full operations, the other 43% had disruptions, with temporary full or partial closures. In these cases, the compensation for workers was set — following Government directives — through negotiations with trade unions and/or worker representatives, with settlements that generally varied from 25% to 100% of the minimum. Some factories negotiated not to pay workers if they were not able to work. Overall, while wages remained in line with the local minimum wage regulations, the average of the first six months of 2020 shows a slight decline in the premium paid compared to last year.

Employment levels at the beginning of 2020 were in line with 2019; from April to June, quite a significant reduction was registered.

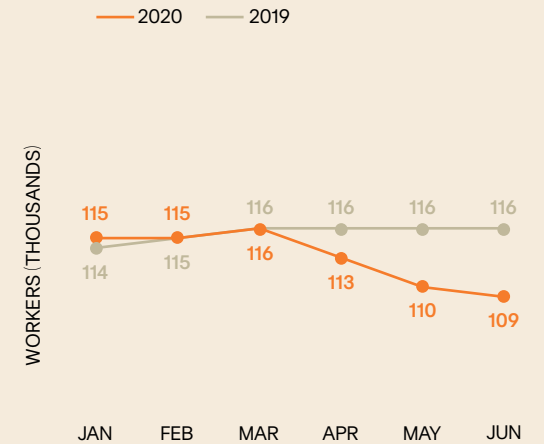
### GROSS AVERAGE WAGES (USD)

AT SUPPLIER FACTORIES IN INDONESIA FOR THE FIRST 6 MONTHS OF 2020



### AVERAGE NUMBER OF WORKERS (THOUSANDS)

AT SUPPLIER FACTORIES IN INDONESIA FOR THE FIRST 6 MONTHS OF 2020, COMPARED TO 2019



## MYANMAR

The minimum wage in 2020 has not changed, because the Government postponed its planned update. The impact of COVID-19 and the regular holiday period both hit in April and all factories were closed for almost the whole month. During the closure period mandated by the Government due to COVID-19, workers were compensated with subsidies equal to 40% of the minimum wage. These subsidies are included in the data shown here.

The gross average wage in the month of April remained above the minimum wage. Overall, the premium paid above the minimum wage in the first six months of 2020 remained at a level comparable to 2019. In April and May there was a reduction in employment numbers due to business uncertainty and workers being unable to come back to work after the April holidays. Employment increased again in June, returning to a level comparable to 2019.

The political situation in Myanmar is evolving as we write this report, and may further impact wages and worker numbers in the months ahead.

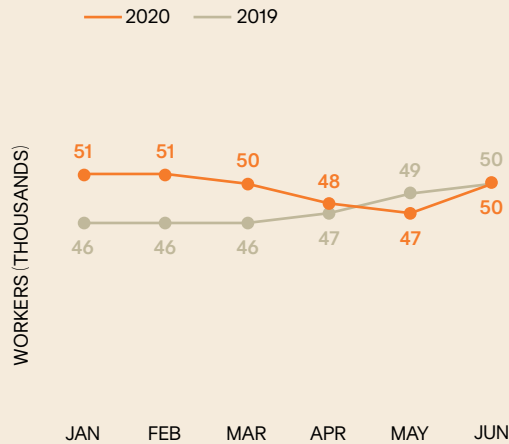
### GROSS AVERAGE WAGES (USD)

AT SUPPLIER FACTORIES IN MYANMAR FOR THE FIRST 6 MONTHS OF 2020



### AVERAGE NUMBER OF WORKERS (THOUSANDS)

AT SUPPLIER FACTORIES IN MYANMAR FOR THE FIRST 6 MONTHS OF 2020, COMPARED TO 2019



## TURKEY

The impact of COVID-19 was felt mostly in April and partially in May and June. Approximately 70% of the factories worked partially, either with periods of total closure or with a rotation of the workforce capped at 30%. Workers in factories affected by COVID-19 benefited from Government subsidies that varied according to the specific circumstances of each worker. These subsidies are included in the data shown here.

Overall, gross average wages in the first six months of 2020 increased, partly as a consequence of the updated minimum wage. The premium paid by the factories was consistent with 2019.

Employment remained stable in the first six months of 2020, due to the Government ban on dismissals.

### GROSS AVERAGE WAGES (USD)

AT SUPPLIER FACTORIES IN TURKEY FOR THE FIRST 6 MONTHS OF 2020



### AVERAGE NUMBER OF WORKERS (THOUSANDS)

AT SUPPLIER FACTORIES IN TURKEY FOR THE FIRST 6 MONTHS OF 2020, COMPARED TO 2019

