

CASE STUDY: PILOT PROJECT ON LIVING WAGE

As part of our engagement with the initiative Living Wage Lab hosted by the Partnership for Sustainable Textiles, we have started a pilot project on living wages in 2022 in Bangladesh, Vietnam and Sri Lanka. Therefore, we collaborate with other brands and multi-stakeholders including local organizations.

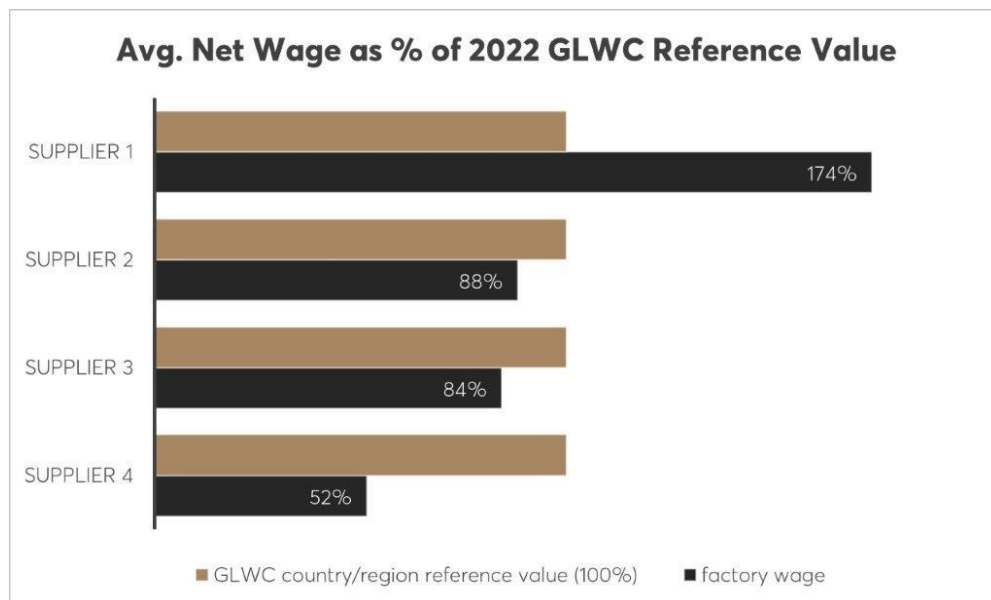
After an initial mutual agreement on the ambition and scope of the program, its other key aspects such as the current situation of wages and benefits, working hours, and political challenges of the countries are continually discussed with the suppliers.

Next, we (re-)collected and analyzed the wage data of the suppliers included in the pilot through the FLA's Fair Compensation toolkit and dashboard.

ANALYSIS OF WAGES

All four pilot suppliers pay clearly above the nationally applicable statutory minimum wage. One supplier already pays a living wage.

On the other hand, we also see that three factories fall short of the living wage benchmark: in two factories the workers earn, on an average, 84% respectively 88% of the living wage reference value. There is a significant gap in one factory.



* the above analysis is in reference to the Global Living Wage Coalition (100%). In some cases where the reference value for specific years was not available, we applied inflation estimates. These estimates are based on official government inflation rates. However, they have to be considered as estimates.

ASSESSMENT OF PURCHASING PRACTICES

HUGO BOSS addresses wages holistically and as part of a more comprehensive program for better working conditions. In this context, we assessed our purchasing practices against three factories within the Living Wage Pilot Program. The suppliers were asked to provide feedback about the way HUGO BOSS is operating with them. The assessment is based on the Common Framework for Responsible Purchasing Practices (CFRPP).

After first analysis, following fields of possible improvement were detected:

- Costing
- Planning (reserve capacity)
- Payment (advance payment for raw material).

Since collaboration is key for improvements in the supply chain, we also supported the survey by the Bangladesh Institute for Labour Studies. The survey aims to gain a better understanding of the working rights condition of ready-made-garment workers and their wage situation in Bangladesh. One of our pilot suppliers participated in the survey.