



# TOWARD FAIR COMPENSATION IN GLOBAL SUPPLY CHAINS:

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FACTORY PAY ASSESSMENTS IN 21 COUNTRIES

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**FAIR LABOR**  
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## FLA WORKPLACE CODE OF CONDUCT ON COMPENSATION:

“Every worker has a right to compensation for a regular work week that is sufficient to meet the worker’s basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers’ basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does.”

## EXECUTIVE SUMMARY

“Every worker has a right to compensation for a regular work week that is sufficient to meet the worker’s basic needs and provide some discretionary income.”

The compensation element of the FLA’s Workplace Code of Conduct — agreed to by all FLA affiliates — begins with this affirmation of workers’ right to fair compensation. In pursuit of progressive realization of this standard, the Fair Labor Association (FLA) and its stakeholders — buyers, suppliers, labor rights organizations, and universities — are part of a global effort to improve compensation for workers in global supply chains.

As a contribution to this effort, the FLA presents here a first-of-its-kind report that details worker compensation data collected by the FLA in 2015 in mainly apparel and footwear factories.<sup>1</sup> This data set is compared with legal minimum wages, World Bank poverty levels, and cost-of-living figures to present actual compensation figures in the context of national-level debates over pay, and to determine where the purchasing power of workers’ compensation is weakest and strongest.

This report is an important first step in the FLA’s larger Fair Compensation strategy to help buyers and suppliers set priorities for their efforts to generate measurable and sustainable progress towards compensation that meets the FLA Workplace Code of Conduct standard.

This report does not prescribe specific solutions, and its conclusions are limited by the amount of data available from one year of FLA assessments in 124 factories and 21 countries.<sup>2</sup> Given the lack of reliable and widely available compensation data for factory workers, the data presented in this report provide important references for stakeholders to help understand compensation issues in global supply chains. The analysis in this report suggests three key lessons that will help direct the FLA and its stakeholders in determining the next steps toward fair compensation:

<sup>1</sup> The FLA will publish data on compensation in agricultural supply chains separately.

<sup>2</sup> These 21 countries represent around 80 percent of the supply chain footprint of FLA-affiliated companies participating in the FLA’s factory monitoring program. This baseline data and analysis are confined within the distribution of assessments conducted by the FLA.

1. **Legal pay violations continue.** FLA factory assessors found that while legal pay requirements were respected in approximately two-thirds of suppliers assessed by the FLA, pay violations occurred in the remaining one-third of suppliers. Overtime pay violations were found in more than 20 percent of factories assessed in 2015. The frequency of minimum wage violations has been falling over the past five years, but six percent of factories assessed in 2015 were found to be violating minimum wage laws.
2. **FLA compensation data indicate where average worker compensation buys the least.**<sup>3</sup> The FLA found that for factories assessed in Bangladesh the purchasing power of average compensation — a measure that includes base pay, and some benefits and incentives, but excludes overtime — fell below the World Bank poverty line. While above the poverty line, purchasing power of compensation remains relatively weak for factories assessed in Cambodia, the Dominican Republic, India, Sri Lanka, and the Philippines, and for migrant workers in Jordan — where the legal minimum wage is set lower than the legal minimum for local workers. In these countries, workers may be least likely to earn enough to meet the FLA Code of Conduct standard of “basic needs and ... some discretionary income.” Purchasing power of average compensation was found to be around 2.5 times the poverty line in factories assessed in China and Vietnam — two giants of apparel and footwear production — and was found to be highest in Turkey, Taiwan, and the U.S. (See the chart on page 16 for all countries.)
3. **Legal minimum wages appear to be a primary factor in determining factory compensation levels.** In half of all factories assessed and in two-thirds of countries covered in this report, average compensation hovers near the legal minimum, with workers earning between one and 1.5 times the minimum wage. Average compensation in the other half of factories assessed was more variable – falling mostly between 1.5 and 3.75 times the legal minimum.

Average compensation that is anchored to minimum wages has a negative impact on workers where the purchasing power of minimum wages is weakest — Bangladesh, Cambodia, the Dominican Republic, India, and the Philippines. In these countries, there is an important opportunity for active engagement between brands, suppliers, national policy-makers, unions, and others to advance fair and inclusive minimum-wage setting, and to support the building of effective frameworks for industry bargaining.<sup>4</sup>

These lessons may seem obvious to some. For others, some of the FLA’s baseline data may seem too sparse to yield conclusive results. But the collection and analysis in this report of actual and sector-specific compensation figures begins to fill a critical and long-standing data gap in the global debate over supply chain pay, ranks countries according to the purchasing power of compensation, and looks ahead to approaches that may enable real progress towards fair compensation.

3 These compensation figures are converted to Purchasing Power Parity dollars (PPP\$), a World Bank standard that allows the purchasing power of incomes to be compared across countries and currencies by representing “the number of units of a country’s currency required to buy the same amounts of goods and services in the domestic market as U.S. dollar would buy in the United States.” <http://data.worldbank.org/indicator/PA.NUS.PPP>

4 See <http://www.industrial-union.org/industry-bargaining-for-living-wages>



## INTRODUCTION

As in many parts of the world, labor's share of income in developing countries — where much of the world's consumer goods are produced — has declined steadily over the last twenty years.<sup>5</sup> This decline has helped to drive advocacy for fair compensation and workers' well-being in global supply chains, and to amplify calls to move beyond minimum wages and prevailing wages where they fail to meet basic needs and provide some discretionary income. The Fair Compensation strategy adopted by the FLA in 2015 addresses these realities, and challenges companies to treat the compensation issue as a critical business problem to be solved, rather than solely a compliance issue to be addressed.

The Organization for Economic Cooperation and Development (OECD) 2016 working paper on living wages frames the issue this way:

In recent years the responsibilities under internationally recognized standards have been clarified for supply chain responsibility vis-à-vis wages [and since] 2011, the UN Guiding Principles for Human Rights and Business and the OECD Guidelines for Multinational Enterprises both address living wages...

Let's not be naïve. This is a very difficult issue to tackle for companies and their supply chains. However, in order to reach the Sustainable Development Goals and for companies to fulfill their corporate responsibility, enterprises should dramatically scale up and speed up their good practices towards living wages in global supply chains.<sup>6</sup>

IndustriALL, the global union federation, builds on this recognition and emphasizes the importance of industry-side approaches:

Why should garment workers endure poor wages and working conditions when they are contributing to the phenomenal profits of global brands?

Any change in the global garment industry has to be systemic and enforceable... [and it] is collaborations between brands and trade unions, like the Bangladesh Accord, that have the best chance of success and instigating real change... The [IndustriALL/ACT] goal is to introduce wage negotiations in garment supply countries that involve trade unions, factories and brands on an industry-wide basis. Setting higher wages across the entire industry prevents individual factories and brands from negotiating lower prices based on lower wages.<sup>7</sup>

Progress and focused debate on these initiatives require sector- and occupation-specific data and clear definitions of compensation that the global debate on worker pay often lacks. For the FLA, collecting, organizing, reporting, and analyzing actual factory compensation data is the first step.

5 ILO: [http://www.ilo.org/global/about-the-ilo/multimedia/maps-and-charts/WCMS\\_193311/lang-en/index.htm](http://www.ilo.org/global/about-the-ilo/multimedia/maps-and-charts/WCMS_193311/lang-en/index.htm)  
OECD: <http://stats.oecd.org/Index.aspx?queryname=345&querytype=view>

6 OECD, "Scaling Up Living Wages in Global Supply Chains" at [http://oecdinsights.org/2016/04/28/scaling-up-living-wages-in-global-supply-chains/#\\_ftn2](http://oecdinsights.org/2016/04/28/scaling-up-living-wages-in-global-supply-chains/#_ftn2)

7 <https://sourcingjournalonline.com/why-boycotting-brands-wont-help-garment-workers/>

This report describes the FLA's method for due diligence on compensation — a uniform process that enables buyers, suppliers, unions, researchers, and policymakers to collect and compare findings.

The report also presents in detail the compensation data collected by the FLA in 2015. These data are organized to allow for comparisons and analyses of worker compensation within and across countries. Factory compensation figures are presented in this report in charts (or 'wage ladders') alongside legal, statistical, and economic benchmarks to provide local context for the actual compensation figures. The benchmarks used in these charts have been selected according to the criteria developed by the FLA (see Appendix B), and do not represent endorsement of specific compensation levels as goals.

## ABOUT THE FLA FAIR COMPENSATION STRATEGY:

The FLA's Fair Compensation strategy recognizes that raising worker compensation—where the data indicate that compensation is low—is not a compliance problem akin to, for example, locked emergency exits. Like the OECD, IndustriALL, and others, the FLA acknowledges that compensation issues are complex and that there are no finely tuned and universally applicable solutions. To account for this complexity, the multi-year compensation strategy has three phases.

**1. Taking Stock.** This due diligence phase of the strategy helps the FLA and stakeholders fill a critical gap in our knowledge of actual compensation levels. The "Taking Stock" phase includes this report and the FLA's new due diligence tools that allow stakeholders to:

- Zero in on violations of legal pay requirements by suppliers and eliminate them
- Introduce due diligence on fair compensation, going beyond measures of legal compliance
- Use a uniform calculation of compensation across factories and sourcing countries
- Place compensation in the context of relevant benchmarks
- Identify high-risk areas to focus fair compensation strategies

**2. Learning and Planning.** This second phase begins in 2016 with independent research on compensation practices led by the Cornell University School

of Industrial and Labor Relations. This research includes examinations of buyer-supplier responses to rising labor costs, and the roles of sectoral/industrial bargaining and minimum-wage setting.

The FLA and other stakeholders will begin designing an 'implementation roadmap' in 2016 that uses stakeholder experience, new data, risk analysis, and recent research to define the key elements of fair compensation strategies, priority countries, and goals for affiliated companies and stakeholders to reach.

These elements, priorities, and goals will be reflected in the planning that companies undertake individually and together with other stakeholders—civil society organizations and unions, governments, suppliers, brands. This crucial phase of the FLA's strategy challenges stakeholders "to treat the compensation issue as a critical business problem and opportunity that requires the use of some of their considerable resources and talents rather than a social compliance obligation."\*

**3. Making Change.** Implementation of fair compensation strategies is expected to begin in 2018. Progress by FLA-affiliated companies and the FLA as a whole will be evaluated against the goals in the 'implementation roadmap.'

\*Fair Compensation Work Plan adopted by the FLA Board of Directors, Feb. 2015.

## FLA FACTORY ASSESSMENTS

The FLA developed in 2014 and 2015 new tools for the collection, organization, and analysis of compensation data in factories in the supply chains of FLA-affiliated companies. This due diligence – above and beyond compliance with legal compensation requirements – is now part of the FLA’s Sustainable Compliance Initiative (SCI), its comprehensive annual factory assessment process that encompasses workers’ employment lifecycle from recruitment to termination. The 2015 cycle covered 124 factories in 21 countries and 135,000 workers. (The detailed reports from these assessments are made public on the FLA’s website along with the FLA-affiliated company’s plans to address noncompliance with the local law and the FLA Workplace Code and Compliance Benchmarks.<sup>8</sup>)

## PAY VIOLATIONS

FLA factory assessment data from the last five years continue to show findings of legal pay violations, such as minimum wage and overtime pay violations, inaccurate pay records, and delayed payments. In 2015, approximately one-third of FLA factory assessments included at least one legal wage-related finding, which is consistent with similar findings in recent ILO Better Work reporting.<sup>9</sup> For example, violations of overtime pay rules affected workers in approximately 20 percent of assessed factories in 2015. Also, despite a

<sup>8</sup> Assessments are conducted by accredited local third party monitors or the FLA’s own regional assessors. FLA factory assessment reports can be found at [www.fairlabor.org/transparency/tracking-charts](http://www.fairlabor.org/transparency/tracking-charts).

<sup>9</sup> See for example, [http://betterwork.org/global/wp-content/uploads/2016/04/Thematic-report-3rd-edition\\_Compensation.pdf](http://betterwork.org/global/wp-content/uploads/2016/04/Thematic-report-3rd-edition_Compensation.pdf), <http://betterwork.org/global/wp-content/uploads/Session-3-How-%E2%80%98fair%E2%80%99-are-wage-practices-along-the-supply-chain.pdf>, and <http://betterwork.org/global/wp-content/uploads/Global-Synthesis-Report-final.pdf>.

### 2015 ASSESSMENTS

COUNTRY	FACTORIES	WORKERS
China	39	34,621
USA	14	3,334
Vietnam	10	42,975
Turkey	9	2,401
India	8	6,848
Pakistan	7	8,891
Mexico	6	2,275
Thailand	4	2,732
Indonesia	4	4,045
Bangladesh	4	4,791
Sri Lanka	3	5,530
Honduras	3	1,479
Malaysia	2	3,730
Egypt	2	3,205
Dominican Rep.	2	550
Cambodia	2	4,029
Taiwan	1	162
Philippines	1	830
Jordan	1	1,300
Guatemala	1	500
El Salvador	1	189
<b>TOTAL</b>	<b>124</b>	<b>134,417</b>

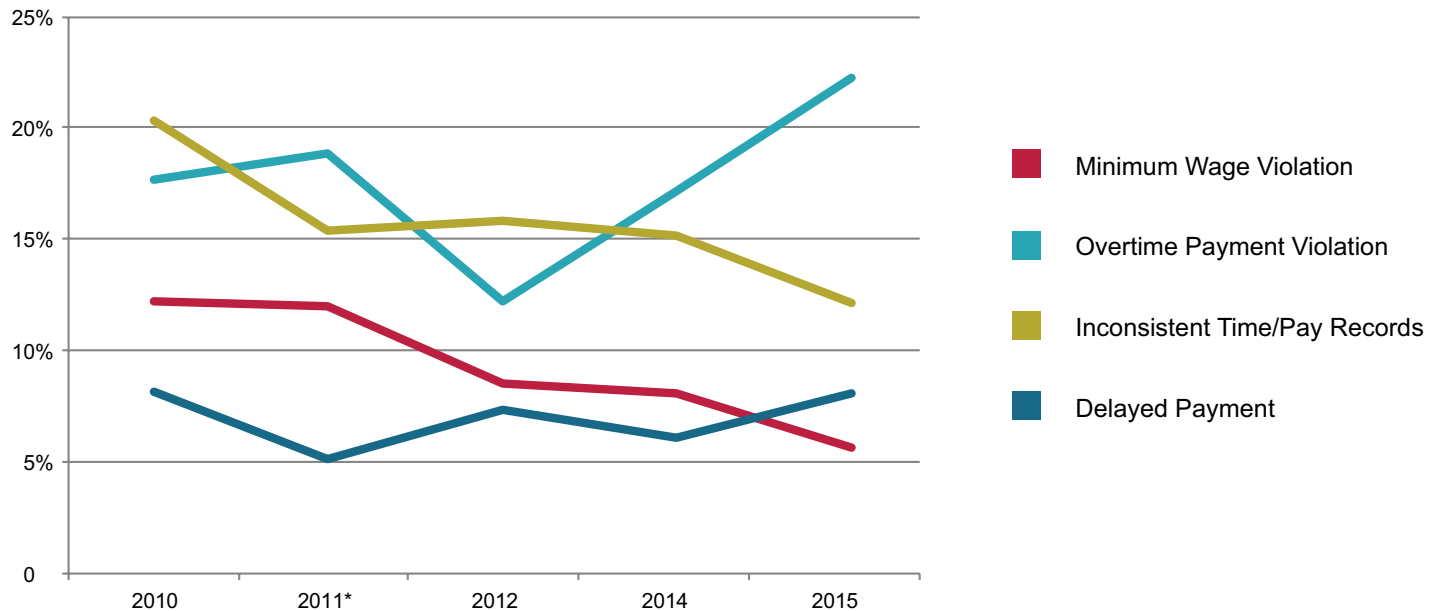


measured decline in recent years of the percentage of minimum wage violations found by the FLA, assessors in 2015 found minimum wage violations at six percent of the suppliers they visited. No workers in FLA affiliates' supply chains should be paid less than they are owed, and the persistence of such legal pay violations undermines progress towards fair compensation. FLA affiliates are required to take prompt and effective action to see that workers are paid what they are owed and ensure future compliance.<sup>10</sup>

Pay violations described above are not an exhaustive list of non-compliances identified by FLA during factory assessments. Non-payment of benefits is another recurrent issue. For example, assessments in China illustrate an industry-wide problem – routine and widespread deficiencies in social insurance and housing provident fund coverage:<sup>11</sup>

- 69 percent of 39 FLA assessments in China in 2015 found workers not being provided with one or more of the five types of social insurance (pension, unemployment, medical, work accident, and maternity)
- 79 percent of the assessments found that social insurance benefits were calculated using an incorrect contribution base, such as the minimum wage as opposed to workers' actual earnings
- All assessments but one found insufficient or no contributions by the employer into the Housing Provident Fund

**FIGURE 1: Pay violations by type, 2010 – 2015 (SCI assessment data)<sup>12</sup>**



<sup>10</sup> To this end, the FLA will release separately a recommendations paper that includes brief case studies on remediation of pay violations at the factory and farm levels, and strategies that tackle pay issues proactively: 1. worker/union engagement and collective bargaining, 2. strong due diligence and training to reduce the probability of pay violations, and 3. brand sourcing decisions that reinforce the commitment to end pay violations.

<sup>11</sup> FLA's guidance for stakeholders on social insurance in China is at <http://www.fairlabor.org/sites/default/files/documents/reports/may-2015-housing-provident-fund-in-china.pdf>. Also see the FLA's 2015 report on remediation at Pou Chen at <http://www.fairlabor.org/report/social-benefit-verification-factories-operated-pou-chen>

<sup>12</sup> The FLA conducted 124 assessments in 2015, 129 in 2014, 28 in 2013, 83 in 2012, 60 in 2011, and 149 in 2010. The 2013 cycle included too few assessments (28) and is therefore excluded from this analysis. Each cycle covers approximately 20 – 25 sourcing countries.

## ASSESSING ACTUAL COMPENSATION

Many suppliers, brands, and governments have focused exclusively on assessing whether workers have been paid according to legal requirements, without also assessing whether meeting legal minimums results in compensation high enough to support workers and their families. Unions, labor rights organizations, a growing numbers of companies — and now the German and Dutch governments — have documented the inadequacy of minimum wages in many key sourcing countries and, as a result, have issued calls for higher pay. The argument for higher pay is also backed by a growing body of research and experience — some specific to light manufacturing, some from other sectors—that makes the connection between higher compensation and increased productivity, and decreases in worker turnover.<sup>13</sup>

Moving beyond primarily legal compliance requires assessment of actual compensation to workers. These assessments require that stakeholders establish a uniform, global measure of compensation that defines which elements of pay belong in a calculation of compensation. For example, the FLA Code of Conduct defines compensation as income earned during contracted (regular) working hours so overtime earnings do not count.<sup>14</sup> Some in-kind benefits, however, do count, as they help off-set workers' living expenses.

The lack of a uniform method among stakeholders for collecting and organizing actual compensation data has meant a paucity of comparable figures, and the debate over solutions has suffered for it. Thomas Piketty, a renowned economist and researcher on wealth and income inequality writes in his *Capital in the Twenty-first Century* that:

Without precisely defined sources, methods, and concepts, it is possible to see everything and its opposite. Some people believe that inequality is always increasing and that the world is by definition always becoming more unjust. Others believe that inequality is naturally decreasing, or that harmony comes about automatically, and that in any case nothing should be done that might risk disturbing this happy equilibrium. Given this dialogue of the deaf, there is a role for research that is at least systematic and methodical if not fully scientific. Social scientific research is and always will be tentative and imperfect... [b]ut by patiently searching for facts and patterns and calmly analyzing the economic, social, and political mechanisms that might explain them, it can inform democratic debate and focus attention on the right questions. It can help to redefine the terms of debate, unmask certain preconceived or fraudulent notions, and subject all positions to constant critical scrutiny.<sup>15</sup>

The definitions and methodological choices made to define sources, methods, and concepts are sometimes difficult, but are necessary to organize and analyze data in as uniform a manner possible across the many occupations, suppliers, sectors, and countries that make up global supply chains.

<sup>13</sup> See for example <https://piie.com/blogs/realtime-economic-issues-watch/higher-wages-low-income-workers-lead-higher-productivity>, <https://hbr.org/2015/04/do-ceos-really-have-the-power-to-raise-wages>, <http://oecdinsights.org/2016/04/28/scaling-up-living-wages-in-global-supply-chains/>.

<sup>14</sup> According to FLA Workplace Code of Conduct, the regular work week shall not exceed 48 hours. The FLA 'Guide for Collection of Compensation Data' describes in detail the FLA method. It is available at [http://www.fairlabor.org/sites/default/files/documents/reports/fla\\_data\\_collection\\_guide\\_january\\_2016.pdf](http://www.fairlabor.org/sites/default/files/documents/reports/fla_data_collection_guide_january_2016.pdf)

<sup>15</sup> Piketty, *Capital in the Twenty-first Century* (2013).

The FLA's definition of compensation is:

**COMPENSATION = BASIC CONTRACTED WAGE<sup>16</sup> + CASH BENEFITS + IN-KIND BENEFITS  
- MANDATORY TAXES AND LEGAL DEDUCTIONS AND TAXES<sup>17</sup>**

This definition is consistent with the standard adopted by Social Accountability International, Forest Stewardship Council, GoodWeave, Fairtrade International, UTZ Certified, and others.

This compensation calculation is meant to be used globally. Because compensation systems vary by factory and by country, the FLA designed and field-tested a template that organizes the many payments made to workers into standard categories and types. This global template helps ensure that factory staff and assessors are capturing the right data and organizing it in a consistent way.

Along with a technical guide that focuses on the steps to be taken at the factory level to collect and organize compensation data from payroll and workers, the data collection template was developed by the FLA together with its technical working group and reviewed with Martha and Richard Anker, globally recognized experts on compensation and 'living wage' calculations.<sup>18</sup>

<sup>16</sup> The basic contracted wage is the wage earned during basic contractual working hours, namely excluding overtime.

<sup>17</sup> The FLA calculation for piece-rate workers includes only incentive pay earned in regular working hours: Compensation = Basic contracted wage + [Monthly] Productivity bonus in Incentives + Cash benefits + In-kind benefits – Legal deductions and Taxes.

<sup>18</sup> The FLA's Fair Compensation Technical Working Group includes representatives from the FLA's three constituencies—companies (three representatives), civil society organizations (two representatives), and universities (two representatives)—as well as three leading academics on supply chain labor and compensation issues. The Group is chaired by an FLA staff member.





## FLA COMPENSATION CHARTS

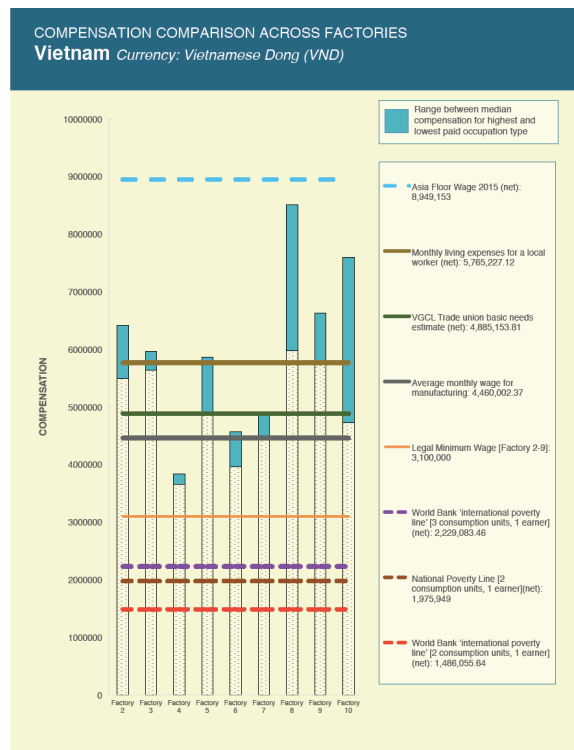
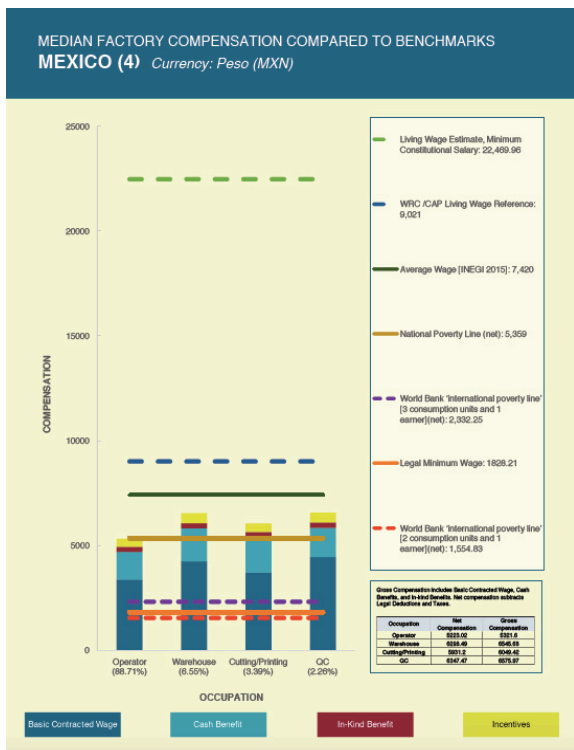
The worker compensation figures in this report are presented alongside various benchmarks such as legal minimum wages, national and international poverty lines, and cost-of-living<sup>19</sup> figures including living wage estimates. These benchmarks fall into three groups:

1. Legal benchmarks such as the applicable minimum wage
2. Income benchmarks, which include prevailing wages / industry averages to provide a sense of the industry context, and average income figures to provide broader economic context
3. Cost-of-living / expenditure figures, including poverty lines and living wage figures which tell us about the extent to which compensation levels meet basic needs

These benchmarks and cost-of-living figures are used because they provide important context for actual compensation data but do not represent endorsement of specific compensation levels as goals. The benchmarks have been chosen to reflect the diversity of measures and judgments of stakeholders including governments, employers, labor rights organizations, unions, and multilateral institutions.

Compensation figures for each factory assessed and the benchmarks for that country – or wage region, for countries in which minimum wages vary by region – are presented together in a

### Factory-level median compensation by occupation (left) and comparison of factories within a country (right)



<sup>19</sup> Cost-of-living/expenditure figures are not, strictly speaking, 'benchmarks' in the same sense as minimum wage and industry averages, for example. For the sake of simplicity, 'benchmark' is used here to refer to all such figures employed in the charts.

compensation chart (or ‘wage ladder’). In the sample chart (at left, on p. 11), vertical bars show the median total compensation figures for workers in each of the four largest occupations.<sup>20</sup> They also break down compensation into its component elements: basic contracted wage, cash benefits, in-kind benefits, and — in some cases — incentive pay. Horizontal lines represent the benchmarks appropriate to the factory’s country (or wage region). Although FLA’s compensation definition is a net figure (after taxes and legal deductions), the charts use gross figures since most benchmarks are based on pre-tax compensation. We have included both gross and net figures in the charts for reference and comparison.

The charts are grouped in Appendix A by country, with each country group including technical notes on the benchmarks used, including the source and date, methodology where available, and all adjustments made by the FLA. This appendix also compares compensation ranges for workers between the lowest and highest paid occupations for all factories in a country or wage region in which the FLA conducted three or more assessments (sample chart on right, p. 11).

An important caveat is that the methods used to create the cost-of-living figures vary among the research institutes, governments, unions, employer organizations, labor rights organizations, and others who undertake such efforts. Some methods are very scientific, some are not. Some are built or chosen with close attention to the political and macro-economic pressures at work in the sector, country, or region, and some are not. Some cost-of-living benchmarks are calculated based on family sizes or numbers of earners. Most present gross figures because much of the global debate is carried on using gross figures, but a few present net figures.<sup>21</sup> Finally, macro-economic benchmarks such as average income or prevailing manufacturing wages may combine compensation data for workers in very different occupations and wage regions.

For these reasons, the FLA consulted widely with unions and civil society organizations, buyers, suppliers, and auditors in 2015 and 2016 in developing guidelines for benchmarking choices, and in making the selections and adjustments of benchmarks for each of the 21 countries in which we conducted assessments. The FLA’s guidelines and benchmarks are included in Appendix B to this report.

The FLA used the following types of benchmarks:

- Legal minimum wages<sup>22</sup>
- Living wage estimates
- National poverty lines and cost of basic needs figures
- International poverty thresholds (World Bank)<sup>23</sup>
- Industry/Sector Wage Comparator (e.g. manufacturing sector average wage)
- National relative poverty lines
- Union wage demands

<sup>20</sup> Where available, the charts present figures beneath each bar indicating the total percentage of workers in each occupation among the workforce.

<sup>21</sup> A second reason for gross figures over net is that most statutory deductions are minimal in the vast majority of countries covered in this report.

<sup>22</sup> In multiple countries including China, El Salvador, Guatemala, Honduras, Mexico, Thailand, and Turkey, legal minimum wages had changed over the period of time covered by the compensation data collected. For the compensation charts of factories affected by such changes, the lower legal minimum wage figure is shown. Both legal minimum wages are included in the benchmark table.

<sup>23</sup> Legal minimum wages in Bangladesh and Sri Lanka fell close to both the World Bank’s ‘extreme’ and ‘international’ poverty levels so both benchmarks are shown in Bangladesh and Sri Lanka supplier charts.

The FLA has made adjustments to some benchmarks to make them more comparable. These adjustments are noted in the box below and in greater detail in the charts and benchmark notes.

Some of the benchmark methodologies used around the world do not lend themselves to adjustments — living wage estimates, for example, and union wage demands. These benchmarks are valuable in showing how civil society perceptions relate to actual compensation, so we do not adjust these figures. To help the reader calibrate each of these benchmarks with other figures, this report explains in the charts and accompanying notes how a benchmark’s assumptions about household size differ from the FLA definition of a ‘household.’

To avoid disclosure of information that could give rise to anti-trust concerns, these charts necessarily appear without identifying information such as factory or buyer name. Even so, approximately 15 of the 124 charts can still be connected to the factories they represent because they are included in public disclosure lists and/or located in countries (or wage regions) where the FLA conducted very few assessments. This possibility of factory identification presents an increased anti-trust risk, so specific wage levels for these factories have been obscured by a horizontal bar out of an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

## OVERVIEW OF ADJUSTMENTS TO BENCHMARKS

The following adjustments have been made to benchmarks included in the compensation charts:

1. **Conversion to monthly equivalents:** On the basis of the legal working week in the case of wage benchmarks or an average number of days per month (365 days / 12 months) in the case of cost-of-living or poverty figures.
2. **Adjustment for inflation:** Except for legal minimum wages, benchmarks from previous years are adjusted for inflation to their 2015 value based on consumer price index (CPI) data from International Monetary Fund’s World Economic Outlook database (IMF WEO).
3. **Extrapolation of basic needs for households:** Poverty line benchmarks representing ‘economic needs’ for individuals are extrapolated to reflect household needs. Per capita figures are multiplied by two to meet the FLA’s ‘household’ definition of a single earner with two dependents.<sup>24</sup>

Benchmarks used in Fair Compensation analysis are drawn from National Statistics Agencies and third party sources. These are referenced and explained based on publically available materials. However, we are unable to validate or make claims on credibility of the data or the collection methods used. Any additional known limitations regarding specific benchmarks are indicated clearly in the benchmark notes that accompany each country/chart.

<sup>24</sup> The FLA definition of compensation excludes overtime pay, taxes, and other legal deductions, and the FLA Code of Conduct glossary states that compensation must be sufficient to allow “a worker and two dependents” to meet their basic needs with some discretionary income remaining. Following this definition—and the convention of counting children/dependents at half of the adult figure—the FLA doubles per capita benchmarks, while acknowledging that typical household size varies by country and region.



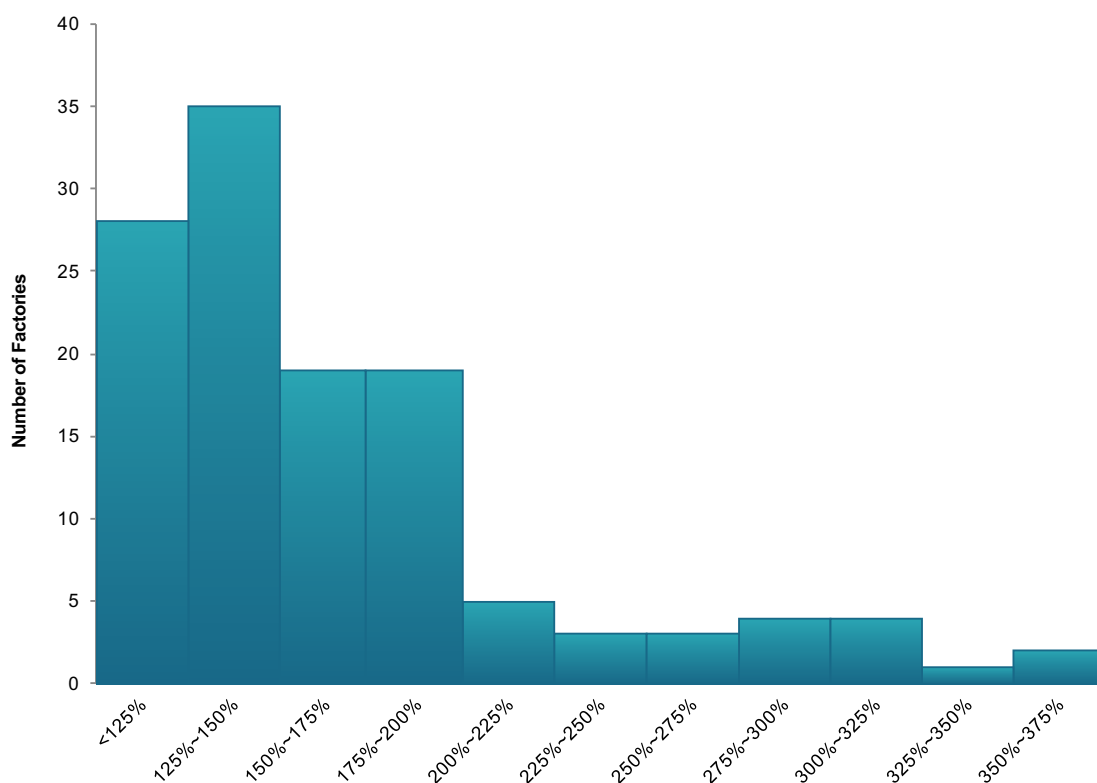
## ROLE OF THE MINIMUM WAGE

The FLA's 2015 data collection found that most factories under assessment had established wages near the legal minimum.

The FLA did not collect data simply among the lowest paid workers in any given factory, but rather collected data from a cross-section of workers in each factory's four most common occupations. Still, the resulting median compensation figure in half of of the factories under assessment in 2015 was no more than 1.5 times the legal minimum. Median compensation in the other half of factories assessed was more variable.<sup>25</sup> This distribution of compensation around the applicable minimum wage (Figure 2) seems to confirm the fundamental role that minimum-wage setting plays in determining compensation for many workers in light manufacturing.

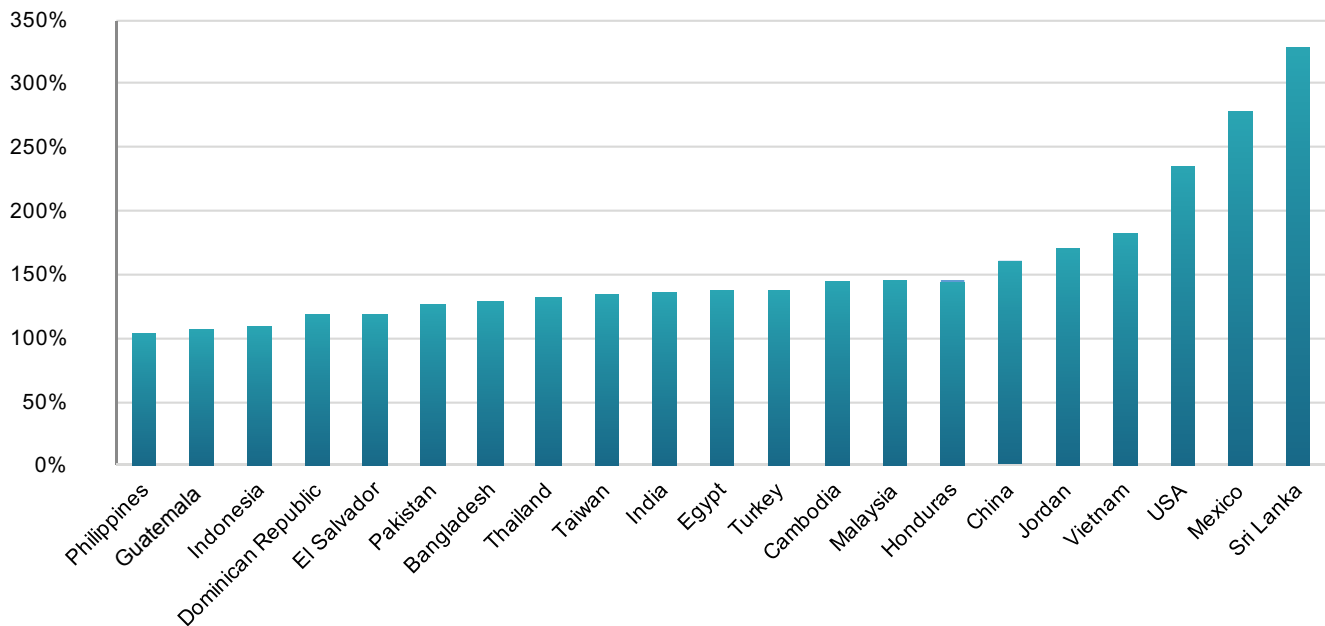
Identifying in which countries wages are most tied to the legal minimum and where the purchasing power of the minimum wage is weakest can help determine where sector-wide approaches such as industry bargaining on wages may have the greatest impact on workers and their families. To help identify these countries, the graphs on pages 15 and 16 plot compensation by country against applicable legal minimum wages (Figure 3), and against World Bank poverty benchmarks (Figure 4).<sup>26</sup>

**FIGURE 2:** Distribution of median factory compensation as a percentage of the applicable minimum wage



<sup>25</sup> All but one outlier, a Sri Lankan factory paying 4.37 times of the applicable legal minimum wage, fall between 1.5 and 3.75 times the legal minimum. Note that Figure 4 on page on page 16 shows that Sri Lanka's legal minimum falls below the World Bank poverty line for a two-person household.

<sup>26</sup> Several of these countries including for example China, India, and Mexico, have multiple minimum wage regions. Factory compensation average are indexed to the applicable (regional) minimum wage then combined with other data from the same country.

**FIGURE 3: Median compensation as a percentage of the applicable minimum wage<sup>27</sup>**

As in the factory analysis in Figure 2, the country analysis in Figure 3 shows a similar clustering around the minimum wage, with median compensation no more than 1.5 times the minimum wage in two-thirds of the countries in which data were collected.

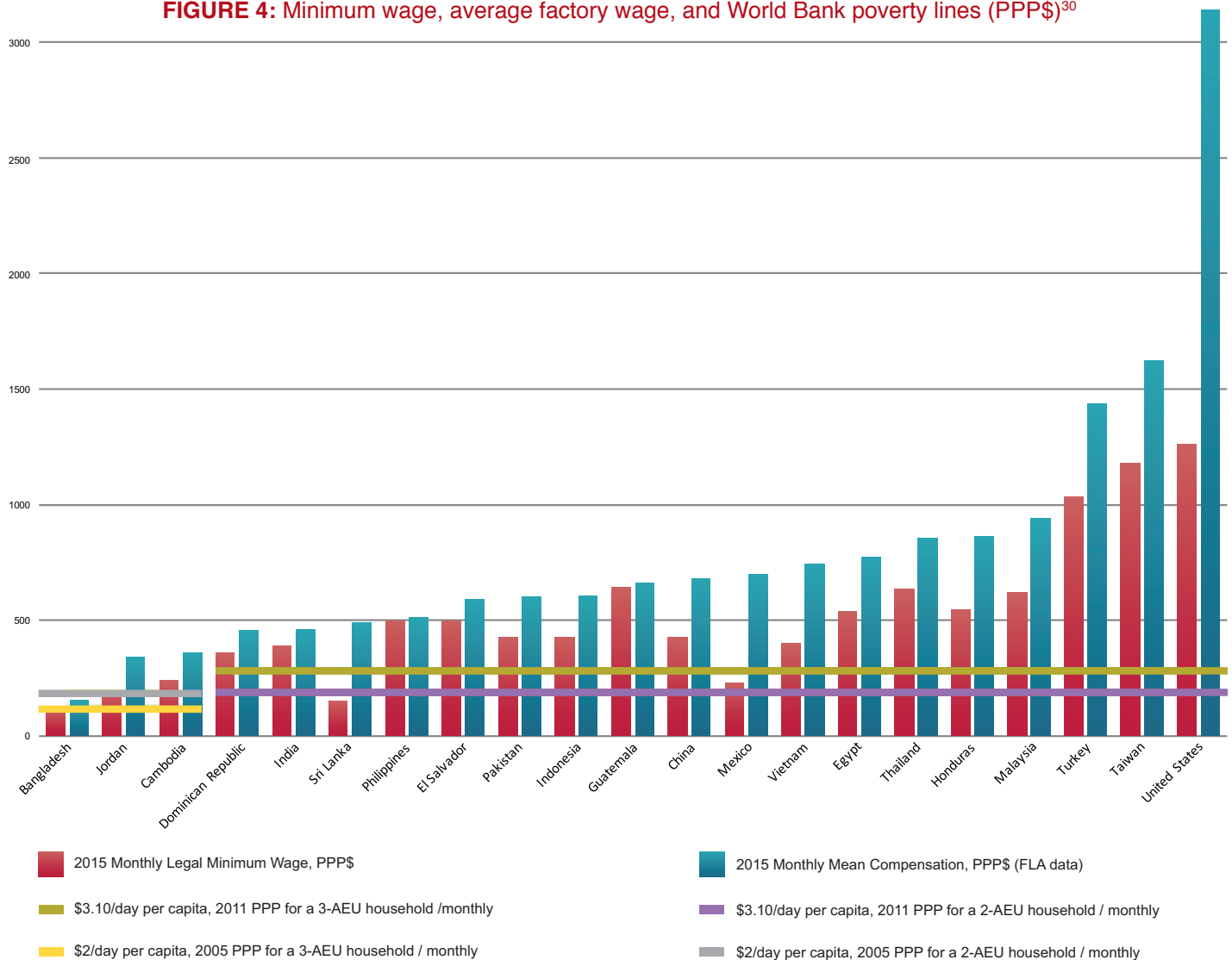
This clustering matters chiefly where the purchasing power of the minimum wage is weakest, where the minimum wage is least likely to meet basic needs. As a standard benchmark for basic needs, World Bank poverty lines are compared in the graph on page 16 with the level of the minimum wage and the average factory compensation from FLA data — all adjusted for purchasing power parity to allow for comparisons across countries.<sup>28</sup>

Figure 4 brings together three critical measures of compensation, showing the relative purchasing power of minimum wages<sup>29</sup> (red) and average compensation (blue) among the 21 countries in this report against World Bank poverty lines. The countries are ordered by the value of their monthly average compensation in PPP\$, with the lowest value — Bangladesh — on the left.

<sup>27</sup> Egypt lacks a private-sector minimum wage applicable to light manufacturing and the public sector minimum (1,200 EGP) is used here instead.

<sup>28</sup> World Bank figures (2011 PPP\$ 3.10) are for 2- and 3-unit households, and all figures are PPP\$, a World Bank standard that allows the purchasing power of incomes to be compared across countries and currencies by representing “the number of units of a country’s currency required to buy the same amounts of goods and services in the domestic market as U.S. dollar would buy in the United States.” <http://data.worldbank.org/indicator/PA.NUS.PPP>

<sup>29</sup> Where there were several potential regional minimum wage rates to choose from, the tool uses a single rate considered to be the best fit for a typical FLA supplier in each country. Regionally, this is determined by 1) location of FLA-affiliates’ suppliers and 2) where in the country most production is known to occur: Guangdong B was used for China (including the city of Dongguan where several FLA factories are located). Central Java is used for Indonesia and Karnataka (Bangalore) for India due to the concentration of factories there. If wage stipulations depend on skill, the analysis uses the lower skill rate (e.g. Sri Lanka, India).

**FIGURE 4: Minimum wage, average factory wage, and World Bank poverty lines (PPP\$)<sup>30</sup>**

The figure above shows that both the legal minimum wage (red) and the purchasing power of average monthly compensation (blue) fall below World Bank poverty lines in Bangladesh. Compensation in Bangladesh (PPP\$ 154) is less than half the compensation level in the next country on the chart — Jordan, at \$341 — and significantly below all those that follow, such as Cambodia (\$360), Dominican Republic (\$455), India (\$461), Sri Lanka (\$491), the Philippines (\$512). The table on page 17 presents the data underlying Figure 4, and pinpoints the ratios of average compensation to the applicable World Bank poverty lines, and average compensation to the applicable minimum wages.

<sup>30</sup> For most countries in this graph, figures are adjusted for comparability using the 2014 values of the World Bank's 2011 purchasing power parity (PPP) conversion factor. The World Bank suggests that for a small set of countries including Bangladesh, Cambodia and Jordan, their 'extrapolated' 2005 PPP conversion factor (adjusted for 2014 values) is more accurate as a measure of poverty and local living costs than the 2011 PPP. Following the World Bank's suggestion for these countries, this chart also shows PPP\$2/day as the relevant poverty threshold, rather than the \$3.10/day threshold recommended for other countries. For more information, see pages 30-31 of the World Bank Group/IMF Global Monitoring Report 2015/16 Development Goals in an Era of Demographic Change, at <http://pubdocs.worldbank.org/pubdocs/publicdoc/2015/10/503001444058224597/Global-Monitoring-Report-2015.pdf>. For the specific data used to create this figure, see Table 1 on page 17.

Average compensation compared to the World Bank poverty line for a family with the equivalent of three adults (Column 4) reinforces the analysis above. Purchasing power of compensation in factories assessed in Bangladesh is only 85 percent of the World Bank poverty line. Purchasing power is less than twice the World Bank poverty line in Cambodia, the Dominican Republic, India, Sri Lanka, the Philippines, and in Jordan (for migrant workers).

The purchasing power of compensation is around 2.5 times the poverty line for two giants of apparel and footwear production — China (2.4) and Vietnam (2.6). Finally, average compensation is highest among the higher-income countries — Turkey, Taiwan, and the United States.

**TABLE 1: Minimum wage, average factory compensation, and World Bank poverty lines, in PPP\$**

<b>COUNTRY</b>	<b>Average Compensation, 2015 Factories (PPP\$)</b>	<b>Legal Minimum Wage, 2015 (PPP\$)</b>	<b>Average Compensation/ Poverty Line (3 Adult Equiv.)</b>	<b>Average Compensation/ Legal Minimum Wage</b>
<b>Bangladesh</b>	\$154	\$118	0.85	1.31
<b>Jordan</b>	\$341	\$186	1.87	1.83
<b>Cambodia</b>	\$360	\$237	1.97	1.52
<b>Dominican Rep.</b>	\$455	\$358	1.61	1.27
<b>India</b>	\$461	\$387	1.63	1.19
<b>Sri Lanka</b>	\$491	\$150	1.74	3.27
<b>Philippines</b>	\$512	\$497	1.81	1.03
<b>El Salvador</b>	\$594	\$500	2.10	1.19
<b>Pakistan</b>	\$599	\$426	2.12	1.41
<b>Indonesia</b>	\$606	\$428	2.14	1.42
<b>Guatemala</b>	\$658	\$643	2.33	1.02
<b>China</b>	\$680	\$428	2.40	1.59
<b>Mexico</b>	\$699	\$231	2.47	3.03
<b>Vietnam</b>	\$744	\$402	2.63	1.85
<b>Egypt</b>	\$774	\$539	2.73	1.44
<b>Thailand</b>	\$854	\$634	3.02	1.35
<b>Honduras</b>	\$866	\$547	3.06	1.58
<b>Malaysia</b>	\$941	\$624	3.32	1.51
<b>Turkey</b>	\$1,437	\$1,033	5.08	1.39
<b>Taiwan</b>	\$1,620	\$1,181	5.73	1.37
<b>United States</b>	\$3,141	\$1,262	11.10	2.49



The right-most column in the table shows the relationship between the purchasing power of average compensation and the applicable minimum wage. The ratio is close to one where the purchasing power of average compensation and minimum wage are closest. This indicates the importance and power of minimum wage-setting in determining the value of actual compensation for workers.

Five countries in which the purchasing power of average compensation is weakest exhibit a relatively strong correlation between minimum wages and average compensation: Bangladesh (1.31), Cambodia (1.52), the Dominican Republic (1.27), India (1.19), and the Philippines (1.03). In these countries, this correlation represents an opportunity for stakeholders to have the greatest impact for workers by supporting strong minimum wage-setting mechanisms or engaging in sectoral bargaining.

In order to introduce risk measures to the ‘need’ analysis above, the FLA has added four factors — recent increases in the minimum wage, pay violations found by the FLA, Gross National Income (GNI), and worker empowerment measures (see Table 2). FLA-defined scores on the worker-empowerment variable are used here as proxies for the institutions and dynamics such as collective bargaining that generally improve each country’s opportunities to make progress on compensation:

1. Effective factory-level compensation in 2015 expressed in PPP\$ (25% weight)
2. Purchasing power of the 2015 minimum wage in PPP\$ (25%)
3. Real increases to minimum wage between January 2014 and January 2016 (10%)
4. Pay violations found during FLA 2015 factory assessments (15%)
5. Gross National Income<sup>31</sup> (10%)
6. Worker empowerment and voice, including ITUC Global Rights Index<sup>32</sup> (15%)

The first two measures — average factory compensation from the FLA SCI data, and applicable minimum wages (both in PPP\$) — are weighted most heavily as they are the leading risk indicators of low compensation.

As in the ‘need’ analysis based solely on compensation measures (Table 1), Bangladesh tops the list. With measures of union freedom, pay violations, and minimum wage increases added into the analysis, countries like Sri Lanka, Mexico, and Egypt can be seen to move up the risk table, indicating a higher risk; at the same time, the risk and need analyses produce very similar results in the top six countries in both tables, confirming them as priority countries for efforts to ensure that workers are earning fair compensation.

31 All data drawn from the World Bank World Development Indicator (WDI) 2015 (for the year 2014), except data for Taiwan drawn from the World Bank’s Doing Business report (2013). Values expressed in current US\$.

32 International Trade Union Confederation; <http://www.ituc-csi.org/ituc-global-rights-index-2015>

These rankings below characterize relative risk between the 21 countries in the report. A lower position in the rankings indicates lower risk as compared with other countries in the report, not absolute risk or lack of risk.

Both the ‘need’ and ‘risk’ analyses are based in part on baseline compensation data from a limited number of factories assessed by the FLA in 2015. As data collection by the FLA and other stakeholders produces more factory-level information, the depth and accuracy of these analyses will improve. In 2016, the geographic reach of the FLA’s data will expand with the addition of SCI assessments and compensation data from Brazil, Myanmar, the Republic of Georgia, Haiti, Italy, and Tunisia.

**TABLE 2: Compensation Risk Ranking of 2015 Countries Receiving Factory Assessments**

<b>COUNTRY</b>	<b>RANKING</b>	<b>Effective Factory Wages (FLA 2015)</b>	<b>Purchasing Power of Minimum Wage</b>	<b>Increase to Minimum Wage Since Jan. 2014</b>	<b>Pay Violations (FLA 2015)</b>	<b>Gross National Income</b>	<b>Worker Empowerment</b>
<b>Bangladesh</b>	<b>90</b>	25.00	25.00	9.50	6.00	9.50	15.00
<b>Sri Lanka</b>	<b>75</b>	18.75	23.75	8.50	9.75	6.00	8.00
<b>Jordan</b>	<b>73</b>	23.75	22.50	6.00	12.75	4.00	4.00
<b>Cambodia</b>	<b>69</b>	22.50	20.00	0	6.00	10.00	10.00
<b>India</b>	<b>67</b>	20.00	17.50	1.50	4.50	8.50	15.00
<b>Dominican Rep.</b>	<b>67</b>	21.25	18.75	4.00	12.75	3.00	7.00
<b>Pakistan</b>	<b>60</b>	15.00	15.00	2.00	9.00	9.00	10.00
<b>Egypt</b>	<b>54</b>	7.50	8.75	10.00	6.00	7.00	15.00
<b>Philippines</b>	<b>53</b>	17.50	11.25	9.00	0	5.50	10.00
<b>Guatemala</b>	<b>53</b>	12.50	3.75	7.50	12.75	6.50	10.00
<b>Mexico</b>	<b>52</b>	10.00	21.25	5.00	0	2.00	14.00
<b>China</b>	<b>52</b>	11.25	13.75	3.50	10.50	2.50	10.00
<b>Indonesia</b>	<b>50</b>	13.75	12.50	2.50	11.25	5.00	5.00
<b>El Salvador</b>	<b>48</b>	16.25	10.00	4.50	0	4.50	13.00
<b>Vietnam</b>	<b>48</b>	8.75	16.25	1.00	3.75	8.00	10.00
<b>Honduras</b>	<b>42</b>	5.00	7.50	3.00	5.25	7.50	14.00
<b>Thailand</b>	<b>41</b>	6.25	5.00	6.50	6.00	3.5	14.00
<b>Malaysia</b>	<b>41</b>	3.75	6.25	8.00	12.75	1.00	9.00
<b>Turkey</b>	<b>34</b>	2.50	2.50	0.50	12.00	1.50	15.00
<b>Taiwan</b>	<b>22</b>	1.25	1.25	5.50	0	0.50	13.00
<b>United States</b>	<b>21</b>	0	0	7.00	0	0	14.00

## CONCLUSION

The data and analysis presented in this report are intended to help inform a contentious debate over fair compensation that has bedeviled stakeholders for years.

In presenting compensation figures that can be compared across factories and countries, and devising tools to rank risk and opportunity for progress on fair compensation, the FLA is publishing verified data that are often missing in global discussions over supply chain wages. As noted in the quote from Thomas Piketty above, quantitative research “can inform democratic debate and focus attention on the right questions. It can help to redefine the terms of debate, unmask certain preconceived or fraudulent notions, and subject all positions to constant critical scrutiny.”

The first hurdle to fair compensation for workers is to prevent or remediate legal pay violations, a persistent problem found in approximately one-third of suppliers assessed by the FLA over the past five years.<sup>33</sup> Beyond legal compliance, the next (and just as critical) step toward fair compensation is to ensure that the purchasing power of workers’ legal wages is more than sufficient to meet their basic needs.

The baseline compensation data presented here show that the purchasing power of compensation is weakest in Bangladesh, followed by Jordan (for migrant workers), Cambodia, the Dominican Republic, India, and Sri Lanka. When measures of worker voice, pay violations, and recent changes in minimum wage levels are added to the analysis, a slightly reordered list of high-priority countries emerges, but Bangladesh remains atop the list.

The FLA and other stakeholders will use the data in this report to drive engagement with approaches like the following, for making progress towards fair compensation:

**At the factory level**, the incidence of pay violations suggests that there is significant room for efforts involving workers, unions, brands, and suppliers to find and remediate pay violations, and to create systems that help ensure that workers are paid what the law requires. Pay systems that are accurate, transparent, and clearly communicated are a core requirement for FLA-affiliated companies.

**At the national level**, opportunities for pursuing fair compensation through advocacy of higher legal minimum wages appear in countries where the data indicate that the purchasing power of the current legal minimum falls below or near the World Bank poverty line. Active engagement between national policy-makers, unions, brands, and suppliers to advance fair and inclusive minimum-wage setting and to support the building of effective frameworks for industry bargaining is a component of the FLA’s Fair Compensation strategy.

**At the brand level**, where the data suggest that compensation does not meet workers’ basic needs and provide discretionary income, companies will need to investigate appropriate strategies for

<sup>33</sup> As noted at the top of this report, the FLA will provide guidance on remediating and preventing pay violations for stakeholders in 2016, and will track progress in its public reporting.

adjusting their sourcing model to account for the cost of fair compensation. These adjustments may be related to improved productivity or efficiency, may be reflected in the prices paid by brands, or may derive from emerging research on new strategies for fair compensation. Just as some FLA-affiliated companies have pledged to “incorporate locally negotiated wage increases into our FOB prices”<sup>34</sup> in support of workers’ collective bargaining efforts, companies may follow similar strategies to enact their commitment to fair compensation.

The FLA is working with Cornell’s School of Industrial and Labor Relations to explore how changes in global purchasing and production practices — including, for example, changes in companies’ reliance on overtime or in prices agreed between suppliers and buyers — can help make progress towards fair compensation.<sup>35</sup>

The FLA’s approach on this complex issue — beginning with the FLA’s investment in compensation due diligence, followed by goal-setting, pilots, and implementation — is too slow for some stakeholders and too fast for others. Getting agreement among stakeholders on the right questions and goals, exploring together approaches to fair compensation, and holding one another accountable for progress is the essence of multi-stakeholder collaboration.

This work holds the promise of wider and more focused engagement that leads to action and measurable progress by buyers, suppliers, unions, civil society organizations, policymakers, and universities to ensure that workers are paid fair compensation.

## NEXT STEPS:

- 1. GUIDANCE ON LEGAL PAY VIOLATIONS** – The FLA will provide guidance on remediating and preventing pay violations, and will continue to track remediation efforts in its public reporting of factory monitoring visits.
- 2. DATA ANALYSIS** – The FLA will use the data underlying this report to conduct a deeper analysis that examines the effects of overtime, collective bargaining and worker voice, and addressing gender discrimination in pay.
- 3. CONTINUED DATA COLLECTION** – This year and beyond, the FLA and affiliated companies will collect additional wage data to build on the data set in this report and enable the FLA to sharpen the analysis presented here. The FLA’s 2016 SCI cycle has begun and this new data, including new pay violations data and updated benchmarks, will be published in the 2017 version of this report.
- 4. IMPLEMENTATION ROADMAP** – For the FLA and other stakeholders, next steps include the drafting of a guidance document proposing elements of fair compensation strategies, such as changes in purchasing practices, multi-stakeholder collective action at the sectoral or national level, and factory-level due diligence and planning. The FLA roadmap will not name specific compensation figures that affiliated companies have to meet, but will outline goals that FLA-affiliated companies and stakeholders are expected to work into their plans.
- 5. COMPANY PLANS** – The FLA, affiliated companies, and others will use the implementation roadmap — and their own considerable experience with costing, sourcing, collective bargaining, brand/supplier collaboration, and policy advocacy — to draw up progressive and practical compensation plans. Implementation is planned in 2018.

<sup>34</sup> [http://www.fairlabor.org/sites/default/files/letter\\_from\\_global\\_brands\\_on\\_wages\\_in\\_cambodia\\_nov\\_2014.pdf](http://www.fairlabor.org/sites/default/files/letter_from_global_brands_on_wages_in_cambodia_nov_2014.pdf)

<sup>35</sup> See for example, Klaus Hohenegger and Doug Miller ‘Labour Minute Costing: a tool for establishing living wage floors in garment factories’ at [http://www.fairwear.org/ul/cms/fck-uploaded/documents/fwpublications\\_reports/FWF-LabourMinuteCosting.pdf](http://www.fairwear.org/ul/cms/fck-uploaded/documents/fwpublications_reports/FWF-LabourMinuteCosting.pdf). Also see for example, [http://www.fairlabor.org/sites/default/files/letter\\_from\\_global\\_brands\\_on\\_wages\\_in\\_cambodia\\_nov\\_2014.pdf](http://www.fairlabor.org/sites/default/files/letter_from_global_brands_on_wages_in_cambodia_nov_2014.pdf), and [http://www.fairlabor.org/sites/default/files/documents/reports/letter\\_on\\_minimum\\_wage\\_exemptions\\_in\\_myanmar\\_july\\_2015.pdf](http://www.fairlabor.org/sites/default/files/documents/reports/letter_on_minimum_wage_exemptions_in_myanmar_july_2015.pdf)



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# BANGLADESH

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES		SOURCE	MONTHLY VALUE (BDT)
<b>Legal Minimum Wage</b>	Grade 1	Pattern Master, Chief Quality Controller, Chief Cutting Master/ Cutting Chief, Chief Mechanic	Bangladesh Minimum Wages Board	<b>13,000 in Bangladesh Taka (BDT)</b>
	Grade 2	Mechanic/Electrician, Cutting Master		<b>10,900</b>
	Grade 3	Sample Mechanist, Mechanic, Sr. Machine Operator, Sr. Cutter, Sr. Quality Inspector, Sr. Marker/Sr. Drawing man/Sr. Drawing Women, Sr. Line Leader, Sr. Over lock Machine Operator, Sr. Button Machine Operator, Sr. Kanchi Machine Operator		<b>6,805</b>
	Grade 4	Sewing Machine Operator, Marker, Cutter, Finishing Ironman, Folder, Packer, Quality Inspector, Over lock Machine Operator, Button Machine Operator, Kanchi Machine Operator, Poly man, Packing Man, Line Leader.		<b>6,420</b>
	Grade 5	Jr. Sewing Machine Operator, Jr. Marker, Jr. Cutter, Jr. Finishing Ironman, Jr. Electrician, Jr. Packer, Jr. Over lock Machine Operator, Jr. Button Machine Operator, Jr. Kanchi Machine Operator		<b>6,042</b>
	Grade 6	General Sewing Machine operator, General Fusing Machine Operator, General Over lock machine operator, General Over lock Machine Operator, General Button Machine Operator, General Kanchi Machine Operator		<b>5,678</b>
	Grade 7	Asst. Sewing Machine Operator, Asst. Cutter, Asst. Marker, Line Ironman, Over lock Machine Asst., Button Machine Asst., Kanchi Machine Asst., Finishing Asst.		<b>5,300</b>
	<b>Local Legal Minimum Wage (Ready Made Garment Sector, non-export processing zone)</b>	Grade 1		
Grade 2			<b>7,280</b>	
Grade 3			<b>6,860</b>	
Grade 4			<b>6,440</b>	
Grade 5			<b>5,600</b>	

# BANGLADESH

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (BDT)
<b>National Poverty Line (2 adults, 1 earner)</b>	<ul style="list-style-type: none"> <li>Food and Non-food component poverty line calculated using Cost of Basic Needs Method (CBN). Food poverty line based on 2,122 calories per person daily. 2010 values were inflated from original calculation in 2005.</li> <li>Based on this method, the poverty line is 1545.96 per person (for the national estimate), and 1955.93 per person for the Dhaka urban area where there is high concentration of garment manufacturing facilities.</li> <li>Assuming two adult consumption units and one earner, the national poverty line is <math>1545.96 \times 2 = 3091.92</math> (3911.86 for Dhaka)</li> <li>Adjusted for inflation rate using data from International Monetary Fund (IMF) World Economic Outlook (WEO) Consumer Price Index (CPI) (to 2015 value): 4483.70 (national), 5672.72 (Dhaka)</li> </ul>	<a href="#">Bangladesh Bureau of Statistics</a>	<b>4483.70</b>
<b>World Bank 'international poverty line' (2005 PPP\$ 2/day)</b>	<ul style="list-style-type: none"> <li>Following the World Bank's suggestion, we used the 2005 Purchasing Power Parity (PPP) conversion factor, adjusted for inflation. The reason for this is that when the World Bank recently updated its poverty thresholds, the study considered that for a small set of countries, including Bangladesh, Laos, Cambodia, Cape Verde, Jordan, Egypt, Iraq, and Yemen, the 'extrapolated' 2005 PPP\$ (adjusted for inflation) was more accurate as a measure of poverty/living costs than the 2011 PPP\$. Therefore, as an exception, the best like-for-like comparison with countries' minimum wages in converted to 2011 PPP\$ for Bangladesh is the 2005 PPP conversion factor, adjusted for inflation. For more info, see pages 30-31 of the World Bank Group/IMF, 2016, Global Monitoring Report 2015/16 Development Goals in an Era of Demographic Change, at <a href="http://pubdocs.worldbank.org/pubdocs/publicdoc/2015/10/503001444058224597/Global-Monitoring-Report-2015.pdf">http://pubdocs.worldbank.org/pubdocs/publicdoc/2015/10/503001444058224597/Global-Monitoring-Report-2015.pdf</a></li> <li>For World Bank international poverty line, poverty is measured at PPP\$ 3.10 per day. However, due to the reasons stated above, for Bangladesh, the former standard poverty benchmark PPP\$2/day (international poverty line) is used instead of the updated \$3.10/day lines.</li> <li>The PPP conversion factor for Bangladesh in 2005 was 22.64 (BDT)</li> <li>The \$2 equivalent is <math>(22.64 \times 2) = \text{BDT } 45.28</math></li> <li>Monthly, this is <math>(\text{BDT } 45.28 \times (365/12)) = \text{BDT } 1377.27</math></li> <li>Adjusted for inflation, this amount is <math>[211.08 (\text{CPI } 2015)/100.00 (\text{CPI } 2005) \times \text{BDT } 1377.27] = \text{BDT } 2907.18/\text{person/month}</math></li> <li>The household equivalent of BDT 2907.18, assuming two consumption units and one earner is <math>\text{BDT } 5814.35/\text{household/month}</math> (<math>2/1 \times \text{BDT } 2907.18</math>)</li> </ul>	<a href="#">World Bank-Databank PPP\$</a>	<b>5,814.35</b>

# BANGLADESH

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (BDT)
World Bank 'international poverty line' (2005 PPP\$ 2/day)	<ul style="list-style-type: none"> <li>The household equivalent assuming three consumption units and one earner is BDT 8721.54</li> </ul>	<u>World Bank-Databank PPP\$</u>	<b>8721.54</b>
Living Wage estimate  Asia Floor Wage (3 adults, 1 earner)	<ul style="list-style-type: none"> <li>Asia Floor Wage Alliance (latest revision found from 2015–1021PPP\$)—A standard PPP\$ based estimate for East and Southeast Asian countries applicable to manufacturing industries (based on a 3000 kcal diet for a three-adult-equivalent household with a single earner)</li> <li>Food basket research was done in Cambodia, India, Indonesia, and Sri Lanka to obtain the country Asia Floor Wage figures. For other Asian countries where food basket research was not conducted, the figures were extrapolated.</li> </ul>	<u>AFW 2015</u>	<b>29,442</b>
Living Wage Estimate  CPD Living Wage estimate for married worker, based on an aspirational diet (4.08-member family, 1.44 earner)	<ul style="list-style-type: none"> <li>The aspirational diet methodology estimated living wage based on a model diet by incorporating energy and nutritional values rather than just energy values.</li> <li>It assumed that a typical family consisted of 2.08 adults consuming 2,122 calories and two children aged 1–3 consuming 1,060 calories each. The typical household size was 4.08, and number of earner was 1.44</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 16,919</li> </ul>	<u>Center for Policy Dialogue 2013</u>	<b>16,919</b>
Union Minimum Wage Demand	<ul style="list-style-type: none"> <li>Union demand minimum of \$120</li> <li>Converted to local currency using historical exchange rate on August 18, 2015 (Bangladeshi Taka to USD: 78.0554850059:1): 9366.66</li> </ul>	<u>Bangladesh textile/garment worker unions (various) 2015</u>	<b>9366.66</b>



# COMPENSATION COMPARISON ACROSS FACTORIES

## BANGLADESH *Currency: Taka (BDT)*



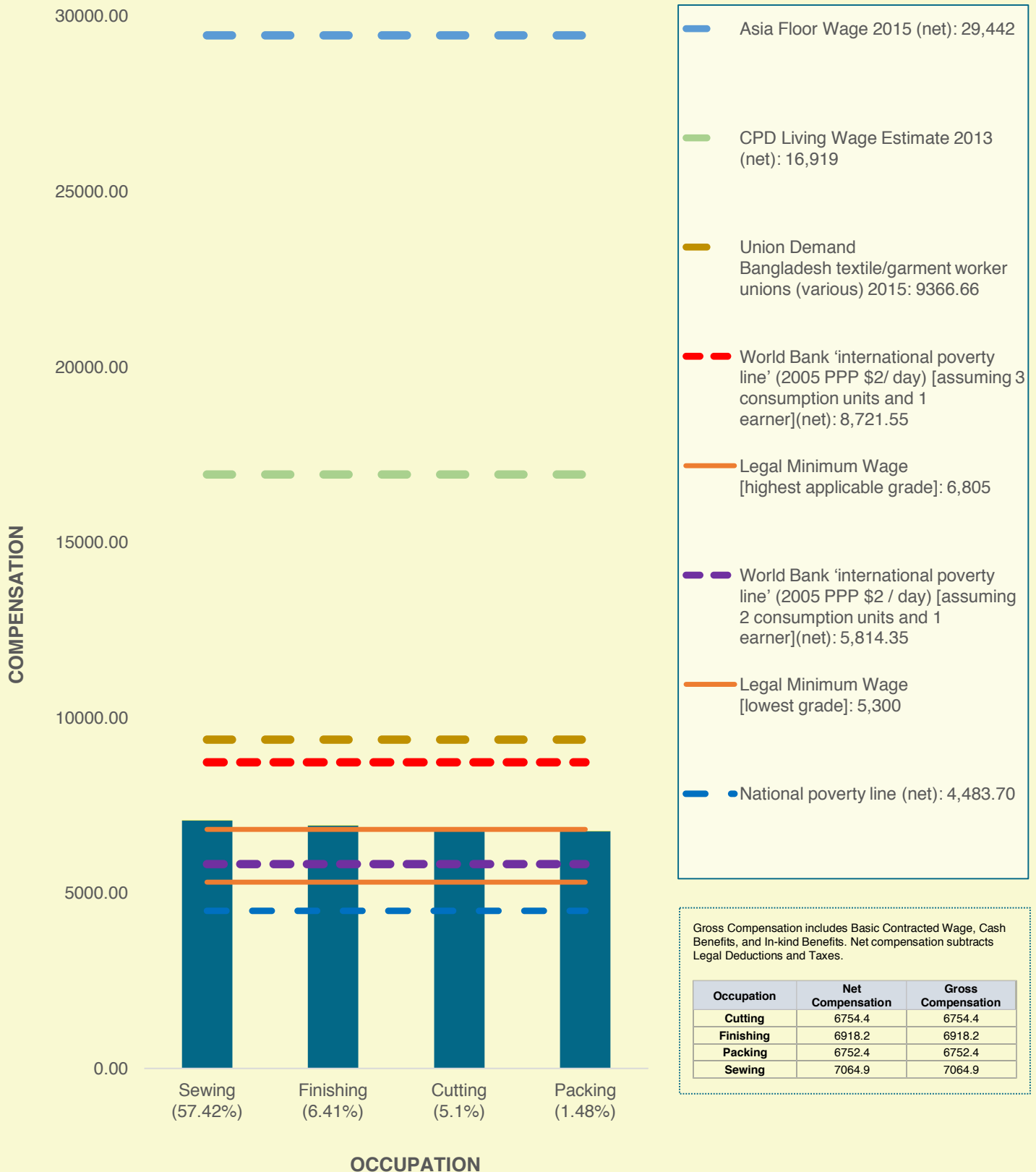
# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## BANGLADESH (1) *Currency: Taka (BDT)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## BANGLADESH (2) *Currency: Taka (BDT)*



Basic Contracted Wage

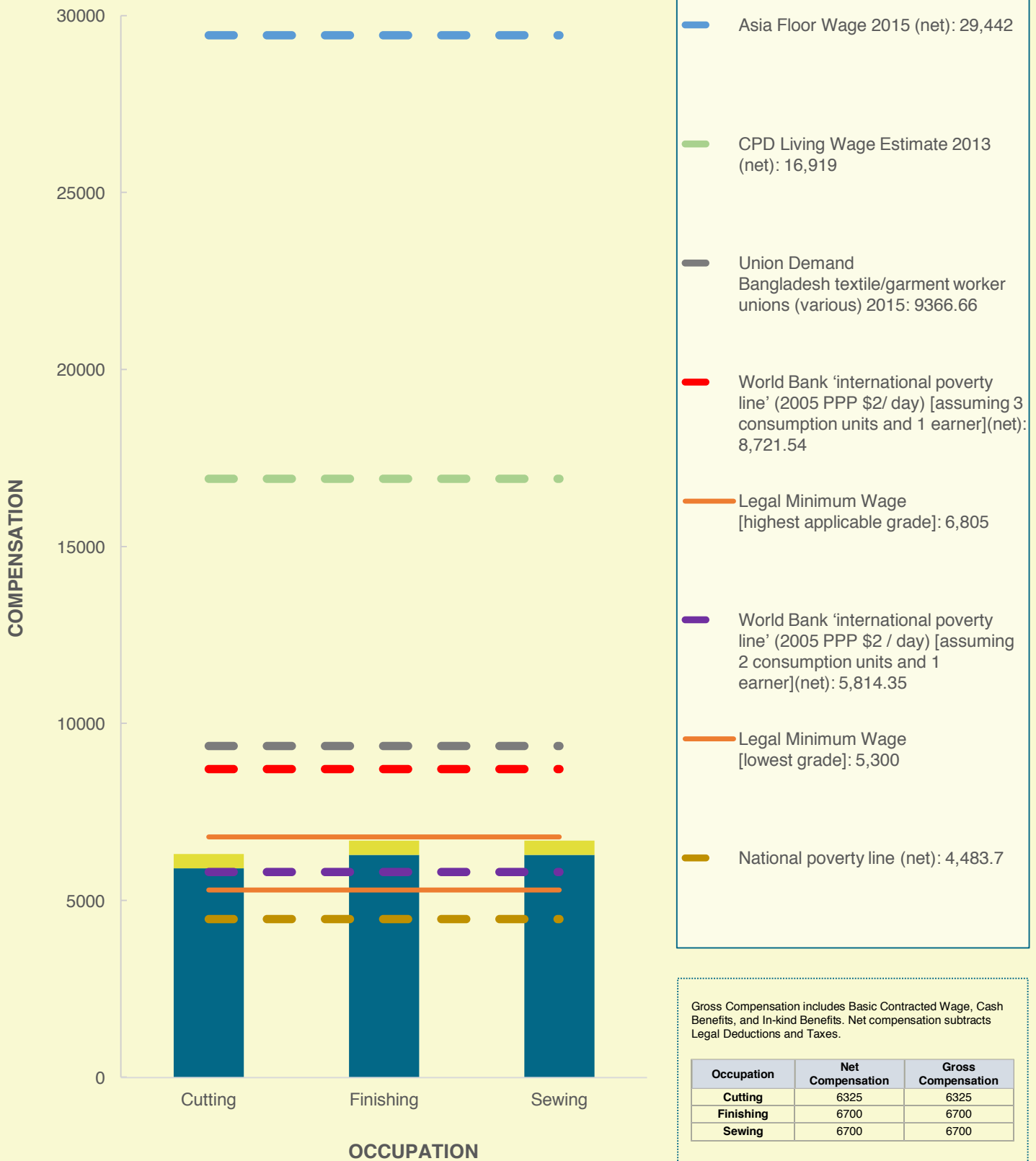
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## BANGLADESH (3) *Currency: Taka (BDT)*



Basic Contracted Wage

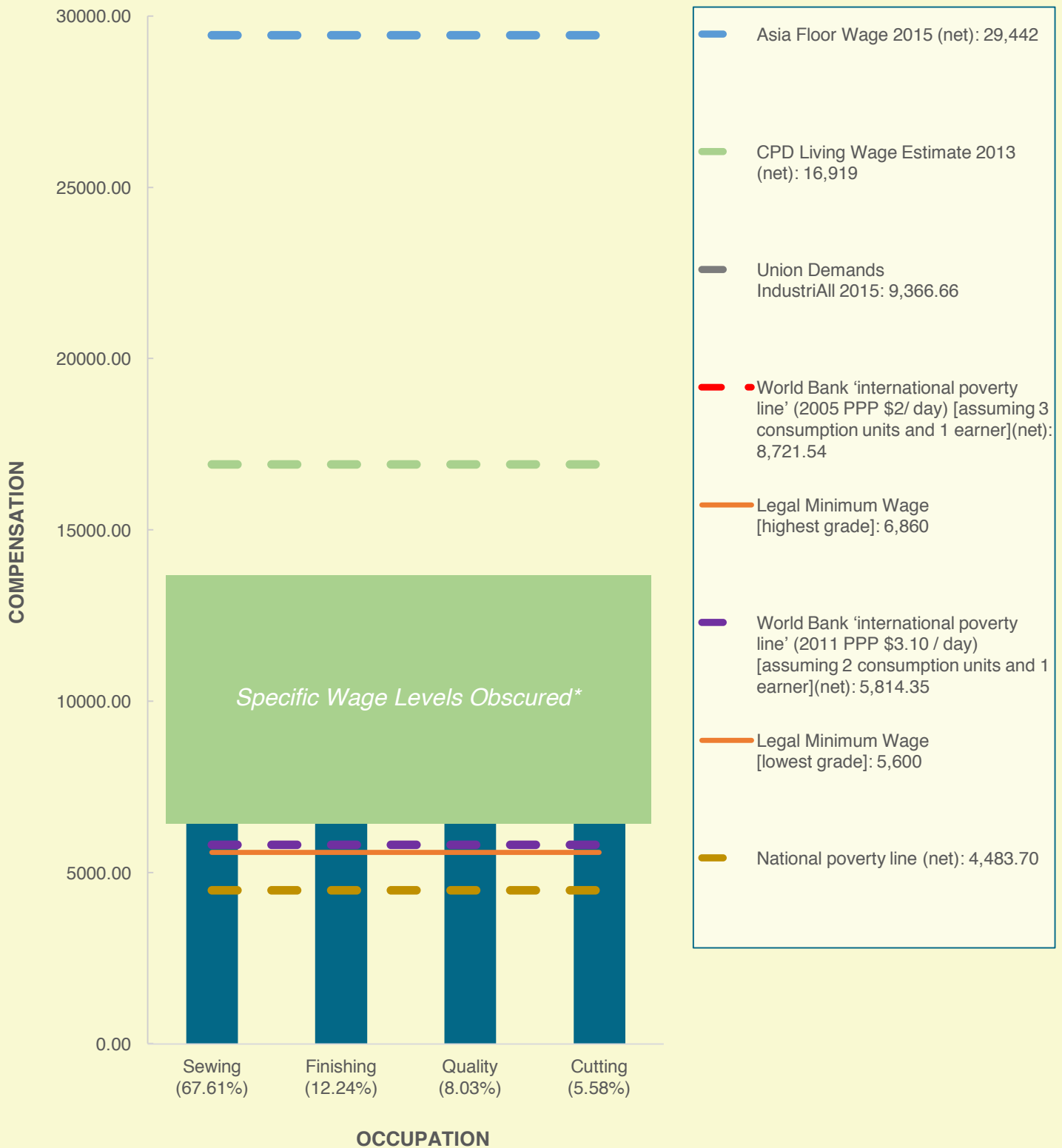
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## BANGLADESH (4) *Currency: Taka (BDT)*



\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.



# CAMBODIA

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (KHR)
<p><b>Legal Minimum Wage</b></p> <p><b>National Minimum Wage—Textile &amp; Garments</b></p>	<ul style="list-style-type: none"> <li>The minimum wage for workers/employees in the textile, garment, and footwear industries is currently set at \$128/month assuming full time hours are worked, and will increase to \$140 per month as of January 1, 2016.</li> <li>In addition to the minimum wage, workers are also entitled to \$10/month as an attendance bonus (assuming perfect attendance), a seniority bonus of between \$2 and \$11 depending on length of service, and a transportation allowance of \$7/month (unless housing and transport are already provided).</li> <li>Note: Garment sector wage values are communicated officially and unofficially in dollars and workers are generally paid in dollars. For benchmarking purposes, these are converted to Cambodian Riel (KHR) using historical exchange rate on June 1, 2015 (via xe.com) = KHR 519,680.</li> </ul>	<p><u>GMAC</u> <u>2015</u> <u>unofficial</u> <u>translation</u></p>	<p><b>519,680</b> <b>(\$128)</b></p>
<p><b>Industry/sector wage comparator</b></p> <p><b>Average monthly wage (for garment and footwear sector workers)</b></p>	<ul style="list-style-type: none"> <li>The average monthly wage of workers rose to US\$169 in the first half of 2015. Converted to KHR using historical conversion rate of June 1, 2015 (via xe.com) = 686,140.27.</li> </ul>	<p><u>Better</u> <u>Factories</u> <u>Cambodia</u> <u>quarterly</u> <u>synthesis</u> <u>reports</u></p>	<p><b>686,140.27</b></p>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (KHR)
<p><b>National Poverty Line (Urban areas ex. Phnom Penh, 2 adults and 1 earner)</b></p>	<ul style="list-style-type: none"> <li>In 2013, Cambodia's Ministry of Planning introduced a new basic needs poverty line based on the cost of a 2,200 Kcal diet according to the buying habits of the bottom quintile and to 30th percentile of the population. An additional non-food component is included based on 14 standard household items commonly consumed by the bottom 20th to 30th percentile groups in the population, plus an additional margin for water.</li> <li>Separate calculations are available for Phnom Penh, rural and urban areas. The urban area figure, in the absence of an overall national average is used here.</li> <li>The line is KHR 132,386/person/month (2013). Adjusted by inflation rate using IMF WEO CPI (to 2015 value): 138,949</li> <li>For a household with two adult consumption units and a single earner, the value is KHR 277,898/household/month</li> </ul>	<p><u>Ministry of</u> <u>Planning</u> <u>2013</u></p>	<p><b>277, 898</b></p>

# CAMBODIA

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (KHR)
<b>World Bank 'international poverty line' (2005 PPP\$ 2/day)</b>	<ul style="list-style-type: none"> <li>Following World Bank's suggestion, we used the 2005 Purchasing Power Parity (PPP) conversion factor, adjusted for inflation. The reason for this is that when the World Bank recently updated its poverty thresholds, the study considered that for a small set of countries, including Bangladesh, Laos, Cambodia, Cape Verde, Jordan, Egypt, Iraq, and Yemen, the 'extrapolated' 2005 PPP\$ (adjusted for inflation) was more accurate as a measure of poverty/living costs than the 2011 PPP\$. Therefore, as an exception, the best like-for-like comparison with countries' minimum wages converted to 2011 PPP\$ for Cambodia is the 2005 PPP conversion factor, adjusted for inflation. For more information, see pages 30-31 of the World Bank Group/IMF, 2016, Global Monitoring Report 2015/16 Development Goals in an Era of Demographic Change, at <a href="http://pubdocs.worldbank.org/pubdocs/publicdoc/2015/10/503001444058224597/Global-Monitoring-Report-2015.pdf">http://pubdocs.worldbank.org/pubdocs/publicdoc/2015/10/503001444058224597/Global-Monitoring-Report-2015.pdf</a></li> <li>For World Bank international poverty line, poverty is measured at PPP\$3.10 a day, for international extreme poverty line, it is measured at PPP\$1.90 a day. However, due to the reasons stated above, for Cambodia, the former standard poverty benchmarks of PPP\$1.25/day (extreme poverty line) and PPP\$2/day (international poverty line) are used instead of the updated \$1.90/day \$3.10/day lines.</li> <li>The \$2/day equivalent is <math>(1,278.55 * 2) = \text{KHR } 2,557.10</math></li> <li>On a monthly basis, this is <math>(\text{KHR } 2,557.10 * (365/12)) = \text{KHR } 77,778.46</math></li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value), this amount is <math>[159.97 (\text{CPI } 2015)/92.40 (\text{CPI } 2005) * 77,778.46] = \text{KHR } 134,652.76/\text{person}/\text{month}</math></li> <li>The household equivalent of KHR 134,652.76 assuming two consumption units and one earner is KHR 269,305.51</li> </ul>	<u>WB 2011 ICP</u>	<b>269,305.51</b>
	<ul style="list-style-type: none"> <li>The household equivalent of KHR 134,652.76 assuming three consumption units and 1 earner is KHR 403,958.27.</li> </ul>		<b>403,958.27</b>
<b>Union Demand</b>  <b>Garment worker minimum wage demand</b>	<ul style="list-style-type: none"> <li>In a high-profile demonstration which ended in violent clashes with police in January 2014, workers demonstrated for the minimum wage to be increased to \$160/month.</li> <li>Workers cited a December 2013 tripartite task force report that estimated that a minimum wage should fall between \$157 and \$177 to support a worker and his/her family.</li> <li>US\$160 in KHR is 641,600/household/month (based on xe.com historical rate on January 1, 2014).</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 648,429.93</li> </ul>	<u>Asia Monitor Resource Centre</u>	<b>648,429.93</b>

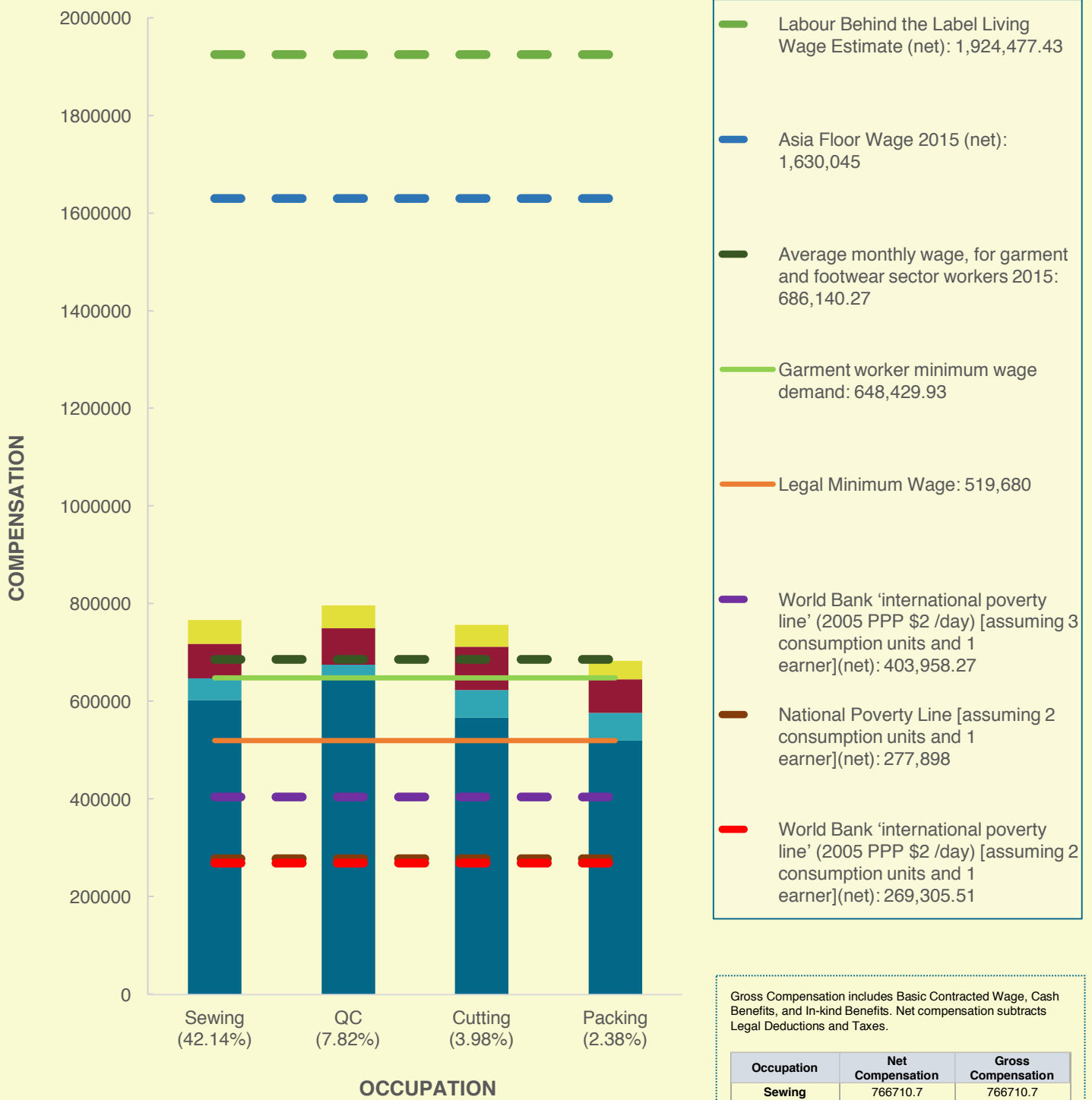
# CAMBODIA

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (KHR)
<b>Living Wage Estimate</b>  <b>Labour Behind the Label</b> <b>(3 adults and 1 earner)</b>	<ul style="list-style-type: none"> <li>Living wage estimate based on food consumption and non-food costs including discretionary income for a family with single earner (three adult consumption units) from 2013 = 450.18/month in US\$. US\$450.18 in KHR is 1,833,578.64/household/month (xe.com—historical exchange rate: Oct 2013)</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 1,924,477.43</li> </ul>	<a href="#">Community Legal Education Center (CLEC)</a>	<b>1,924,477.43</b>
<b>Living Wage Estimate</b>  <b>Asia Floor Wage</b> <b>(3 adults, 1 earner)</b>	<ul style="list-style-type: none"> <li>Asia Floor Wage Alliance (latest revision found from 2015—1021PPP\$)—A standard PPP\$-based estimate for East and Southeast Asian countries applicable to manufacturing industries (based on a 3000 kcal diet for a three-adult-equivalent household with a single earner)</li> <li>Food basket research was done in Cambodia, India, Indonesia, and Sri Lanka to obtain the country Asia Floor Wage figures. For other Asian countries where food basket research was not conducted, the figures were extrapolated.</li> </ul>	<a href="#">AFW 2015</a>	<b>1,630,045</b>

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CAMBODIA (1) *Currency: Riel (KHR)*



Basic Contracted Wage

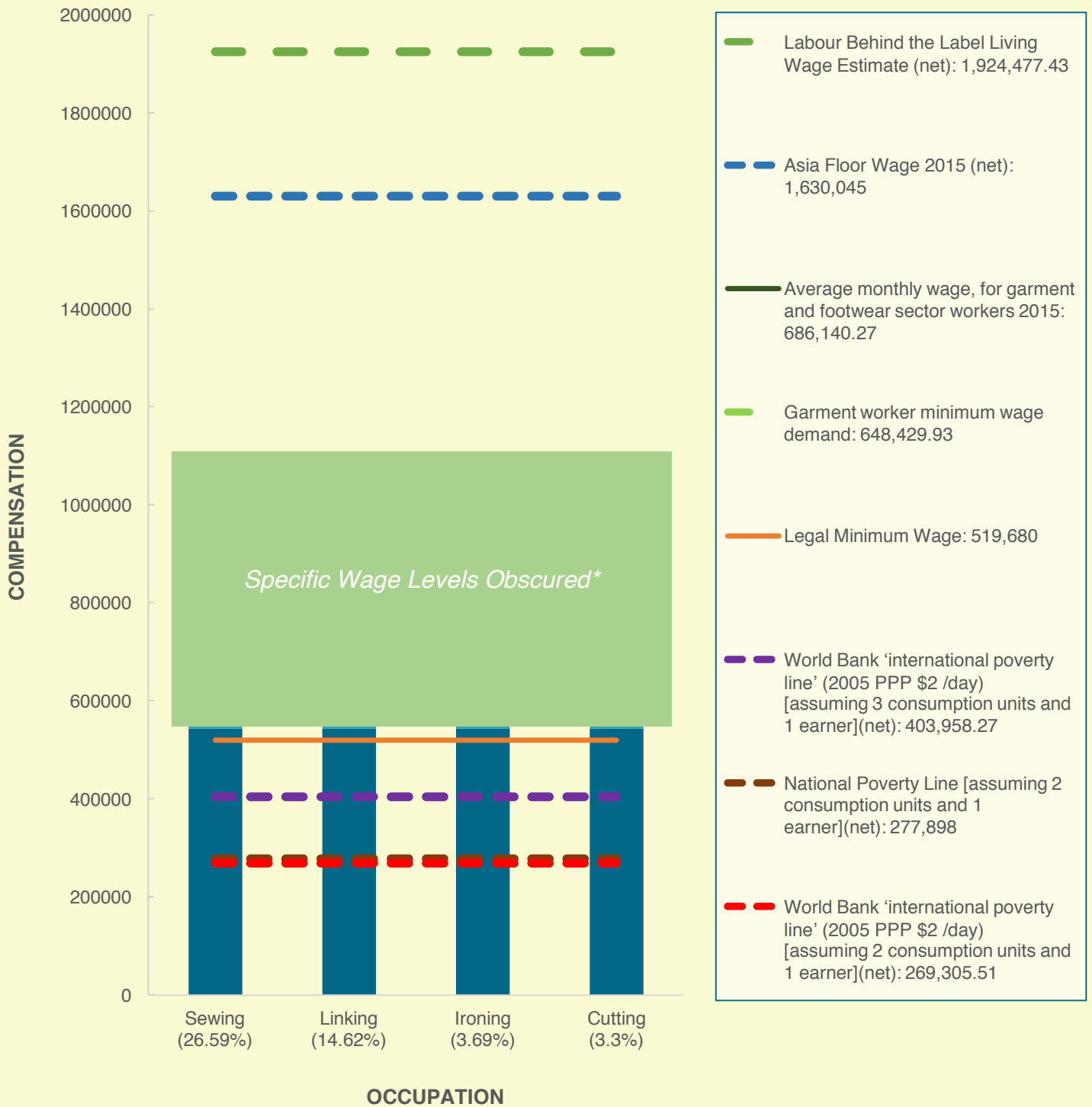
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CAMBODIA (2) *Currency: Riel (KHR)*



\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.



# CHINA

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (CNY)
Legal Minimum Wage	Fujian A		Chinese Yuan (CNY) 1,320 before July 1, 2015; 1,500 afterwards
	Guangdong A		1,550 before November 1, 2014; 1,895 afterwards
	Guangdong B		1,310 before May 1, 2015; 1,510 afterwards
	Hunan C		1,130
	Hubei B		1,020 before September 2015; 1,225 afterwards
	Jiangsu A (Jiangyin, Yixing, Nanjing)		1,480 before November 1, 2014; 1,630 afterwards
	Jiangsu A (Suzhou, Kunshan, Zhangjiagang)		1,680
	Jiangsu C		1,270
	Shandong A		1,500 before March 1, 2015; 1,600 afterwards
	Shandong B		1,200 before March 1, 2015; 1,300 afterwards
	Shandong C		1,200 before March 1, 2015; 1,300 afterwards
	Shenzhen		1,808 before March 1, 2015; 2,030 afterwards
	Zhejiang A		1,650 before November 1, 2015; 1,860 afterwards
	Zhejiang B		1,470 before November 1, 2014; 1,660 afterwards
	Zhejiang C		1,350 before November 1, 2015; 1,530 afterwards

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (CNY)
<b>Industry/ sector Wage Comparator</b>  <b>Average wage— migrant workers</b>	<ul style="list-style-type: none"> <li>The average monthly compensation for migrant workers, calculated by the government for 2014 is 2864 CNY.</li> <li>This figure includes base wage, incentive bonuses, in-kind payments, allowances and other benefits, and overtime pay, and is before taxes and other legal deductions such as social insurance.</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 2906.95</li> </ul>	<a href="#"><u>National Bureau of Statistics 2015</u></a>	<b>2,906.95</b>
<b>Industry/ sector Wage Comparator</b>  <b>Average wage for manufacturing workers</b>	<ul style="list-style-type: none"> <li>Average annual wage for manufacturing workers in urban areas in 2014 was 51,369 CNY annually and 4280.75 CNY monthly (divided by 12).</li> <li>This was pre-tax wage including incentive bonus, in-kind benefit, legal deductions and overtime payment.</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 4344.94</li> </ul>	<a href="#"><u>National Bureau of Statistics 2014</u></a>	<b>4,344.94</b>
<b>Industry/ sector Wage Comparator</b>  <b>Average disposable income for urban residents</b>	<ul style="list-style-type: none"> <li>The figure of disposable income is the maximum amount that a household can afford to consume without having to reduce its assets or to increase its liabilities. The figure is obtained by adding gross income (earnings, self-employment and capital income, as well as current monetary transfers received from other sectors) and the in-kind social transfers that households receive from governments (such as education and health care services), then subtracting the taxes on income and wealth, the social security contributions paid by households as well as the depreciation of capital goods consumed by households.</li> <li>The average disposable income for urban residents for 2014 was 28,843.85, or 2,043.65 monthly CNY (divided by 12).</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 2074.3</li> </ul>	<a href="#"><u>National Bureau of Statistics 2014</u></a>	<b>2074.3</b>

# CHINA

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (CNY)
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/ day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at Purchasing Power Parity (PPP)\$3.10/day.</li> <li>The \$3.10 equivalent is <math>(3.53 * 3.1) = ¥ 10.94</math></li> <li>On a monthly basis, this is <math>(¥ 10.94 * (365/12)) = ¥ 332.85</math></li> <li>Adjusted for inflation, this amount is <math>[114.93 (CPI 2015)/113.24 (CPI 2014) * ¥ 332.85] = ¥ 337.84/</math> person/month</li> <li>The household equivalent of ¥ 337.84 assuming two consumption units and one earner is ¥ 675.68/month.</li> </ul>	<u>WB 2011 ICP</u>	<b>675.68</b>
	<ul style="list-style-type: none"> <li>The household equivalent of ¥ 337.84 assuming three consumption units and one earner is ¥ 1013.52/month.</li> </ul>		<b>1,013.52</b>
<b>Living Wage Estimate</b>  <b>Asia Floor Wage (3 adults, 1 earner)</b>	<ul style="list-style-type: none"> <li>Asia Floor Wage Alliance (latest revision found from 2015—1021PPP\$)—A standard PPP\$-based estimate for East and Southeast Asian countries applicable to manufacturing industries (based on a 3000 kcal diet for a three-adult-equivalent household with a single earner)</li> <li>Food basket research was done in Cambodia, India, Indonesia and Sri Lanka to obtain the country Asia Floor Wage figures. For other Asian countries where food basket research was not conducted, the figures were extrapolated.</li> </ul>	<u>AFW 2015</u>	<b>3,847</b>

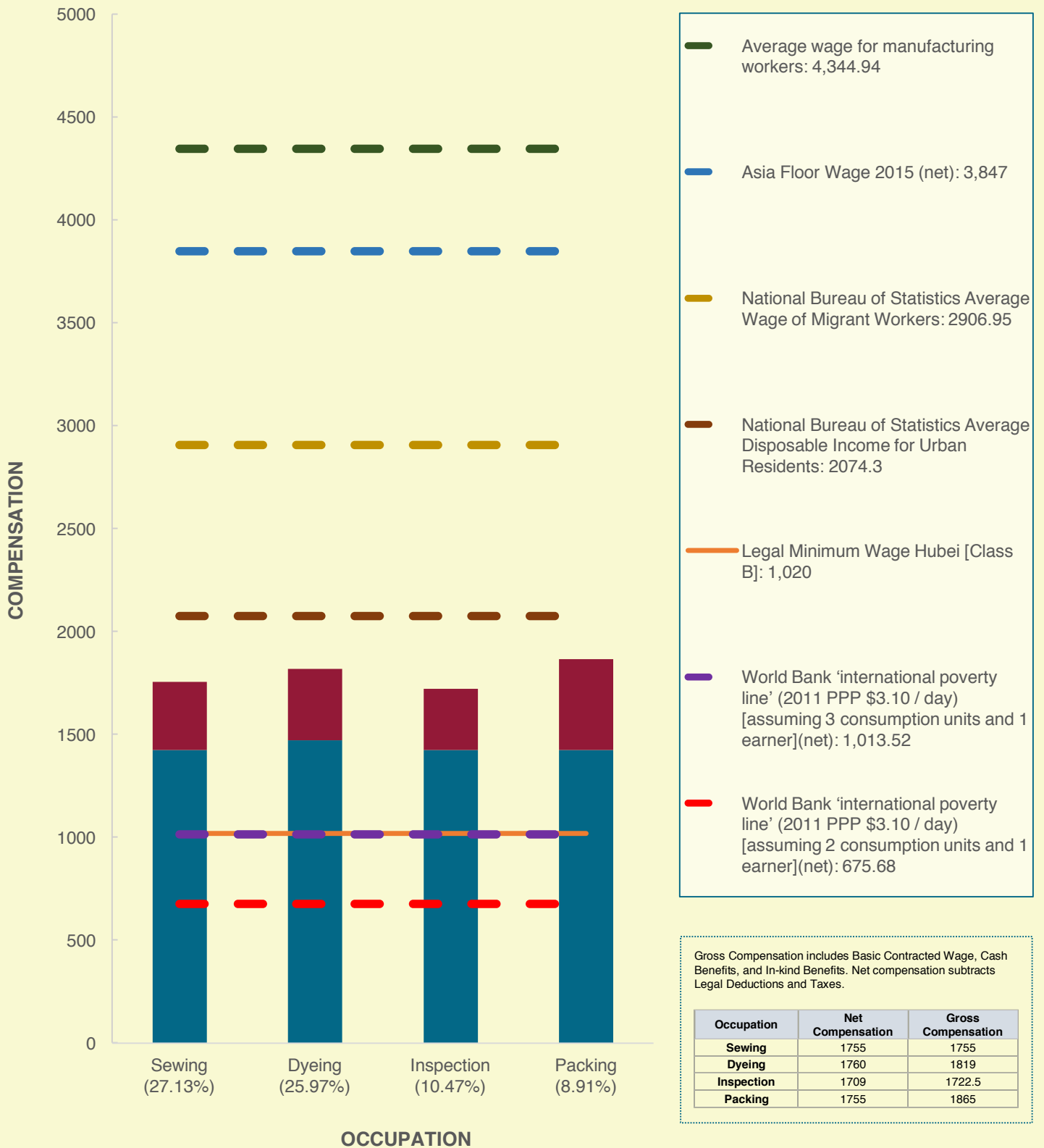
# COMPENSATION COMPARISON ACROSS FACTORIES

**CHINA** Currency: Yuan (CNY)



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (1) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

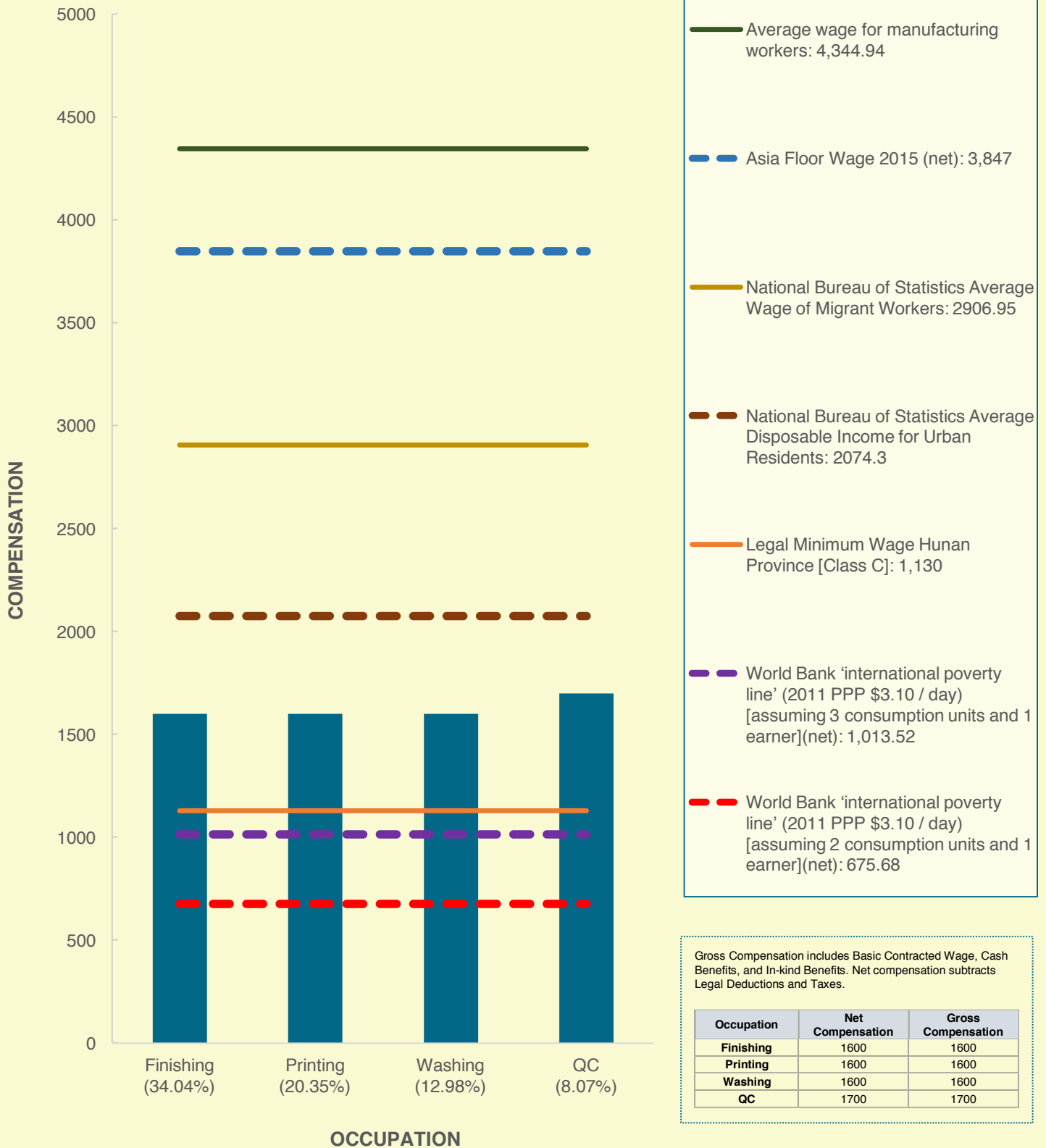
In-Kind Benefit

Incentives



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (2) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (3) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (4) *Currency: Yuan (CNY)*



Basic Contracted Wage

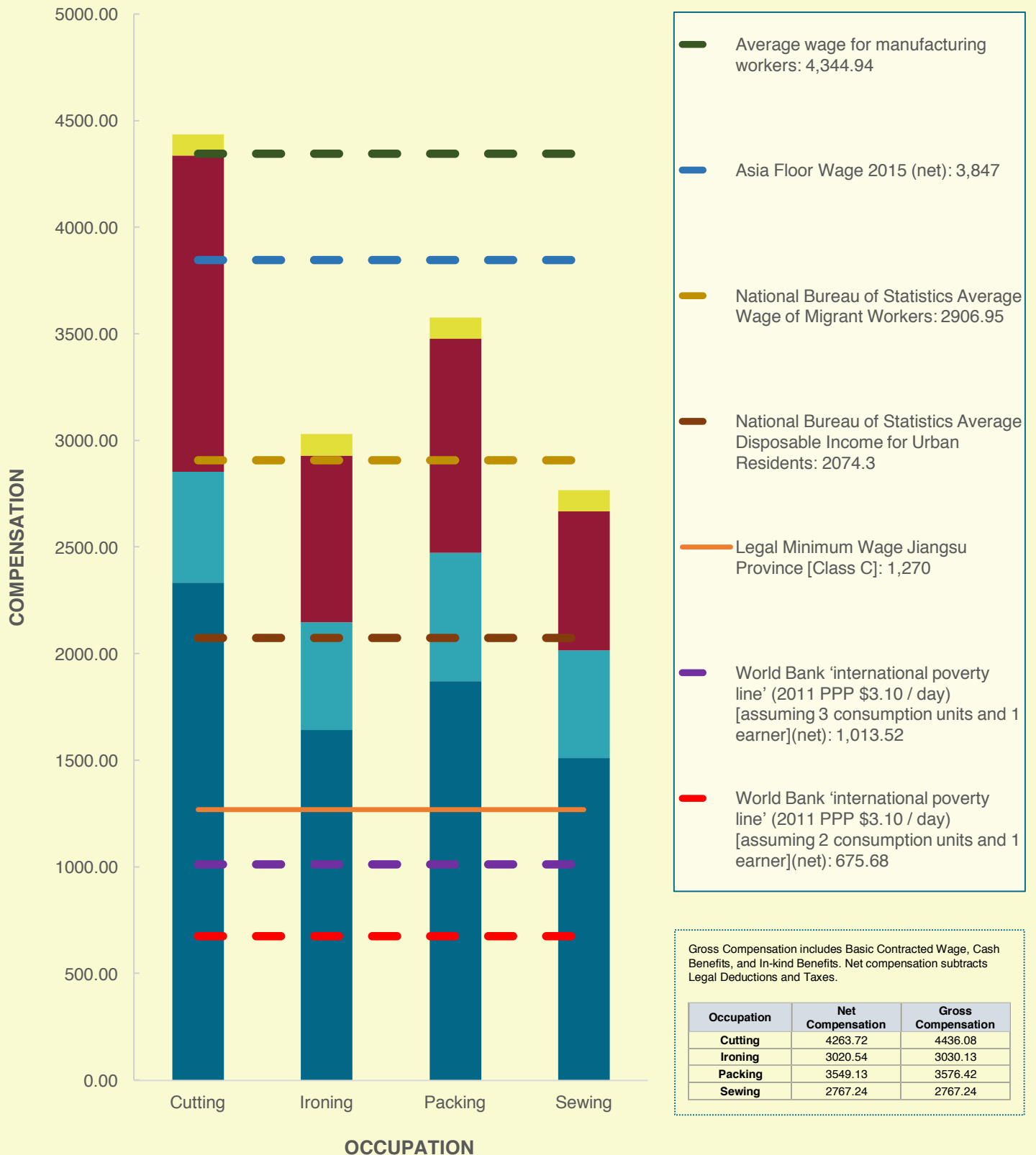
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (5) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (6) *Currency: Yuan (CNY)*





# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (7) *Currency: Yuan (CNY)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (8) *Currency: Yuan (CNY)*



Basic Contracted Wage

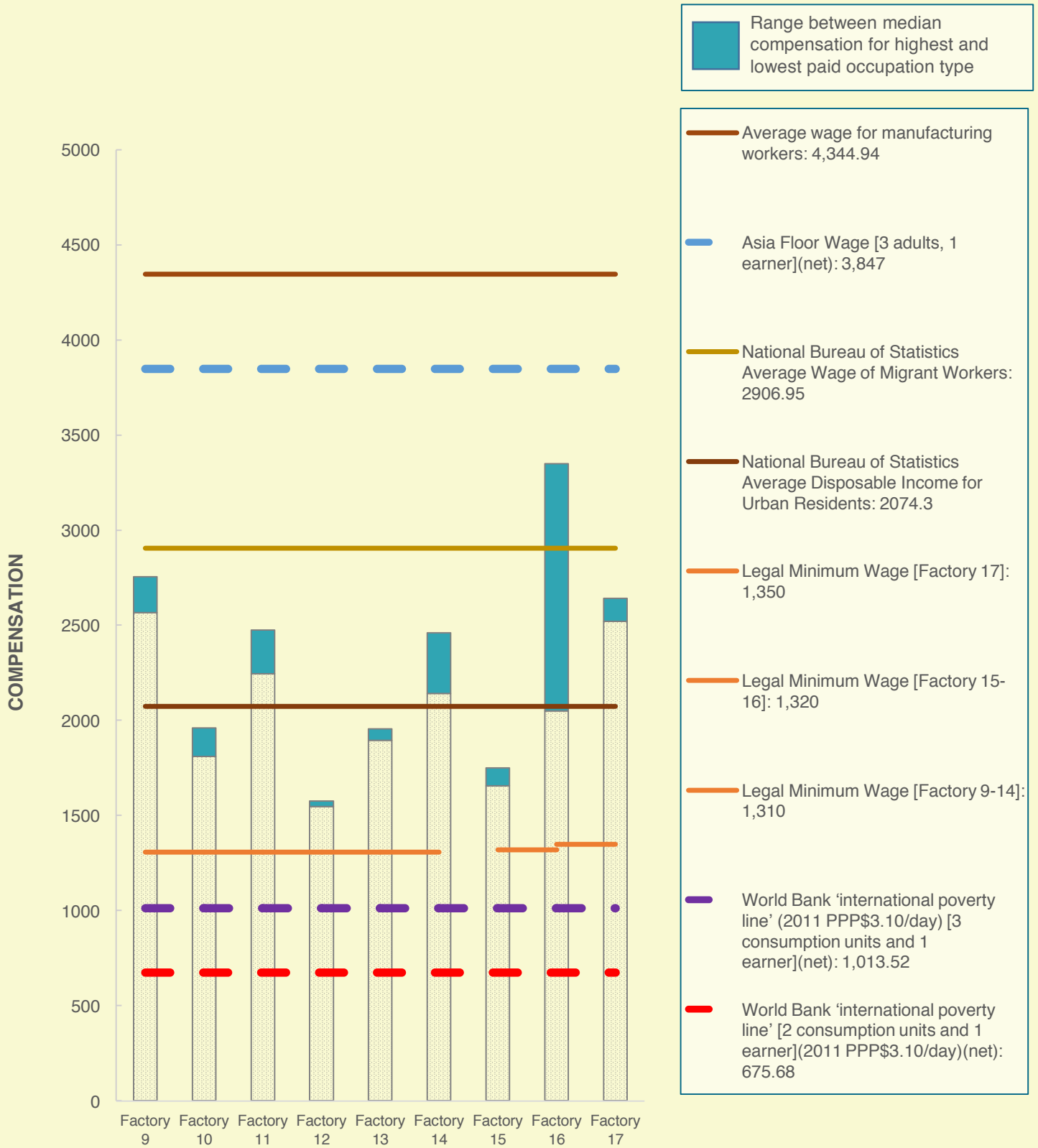
Cash Benefit

In-Kind Benefit

Incentives

# COMPENSATION COMPARISON ACROSS FACTORIES

**CHINA** Currency: Yuan (CNY)



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (9) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (10) *Currency: Yuan (CYN)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# FACTORY ASSESSMENT COMPENSATION DATA AND CONTINUUM

## CHINA (11) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

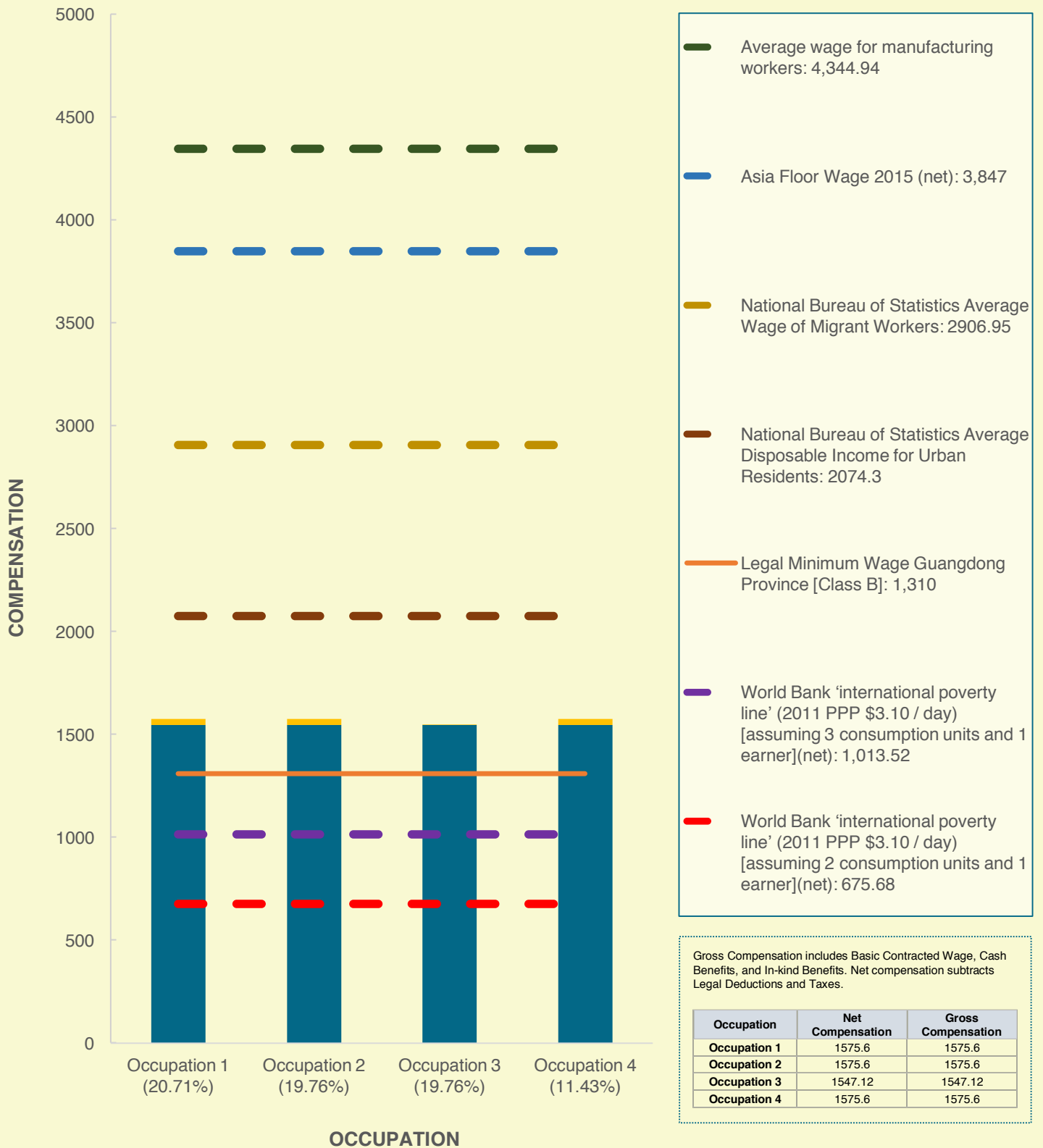
In-Kind Benefit

Incentives



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (12) *Currency: Yuan (CNY)*



Basic Contracted Wage

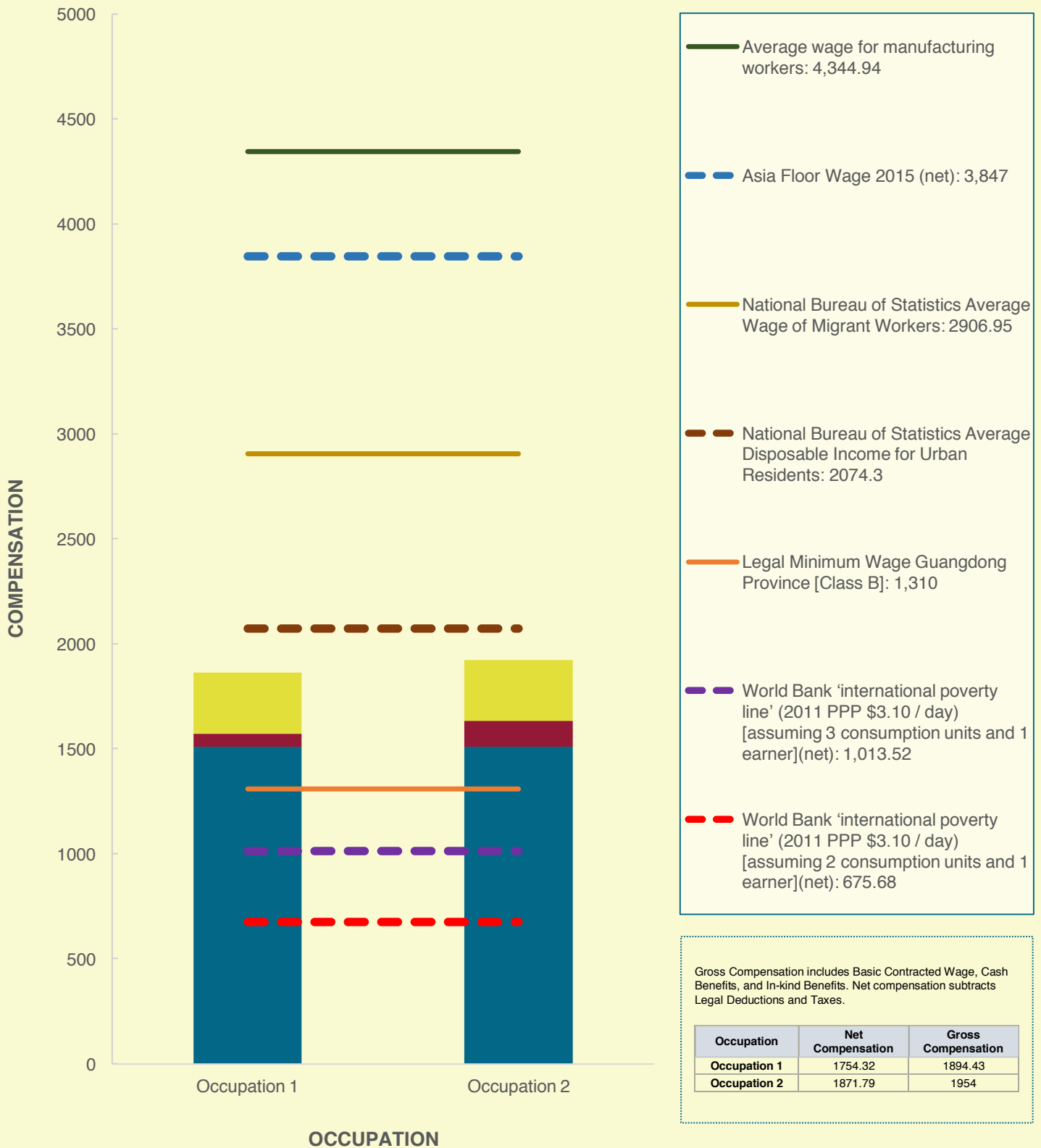
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (13) *Currency: Yuan (CNY)*



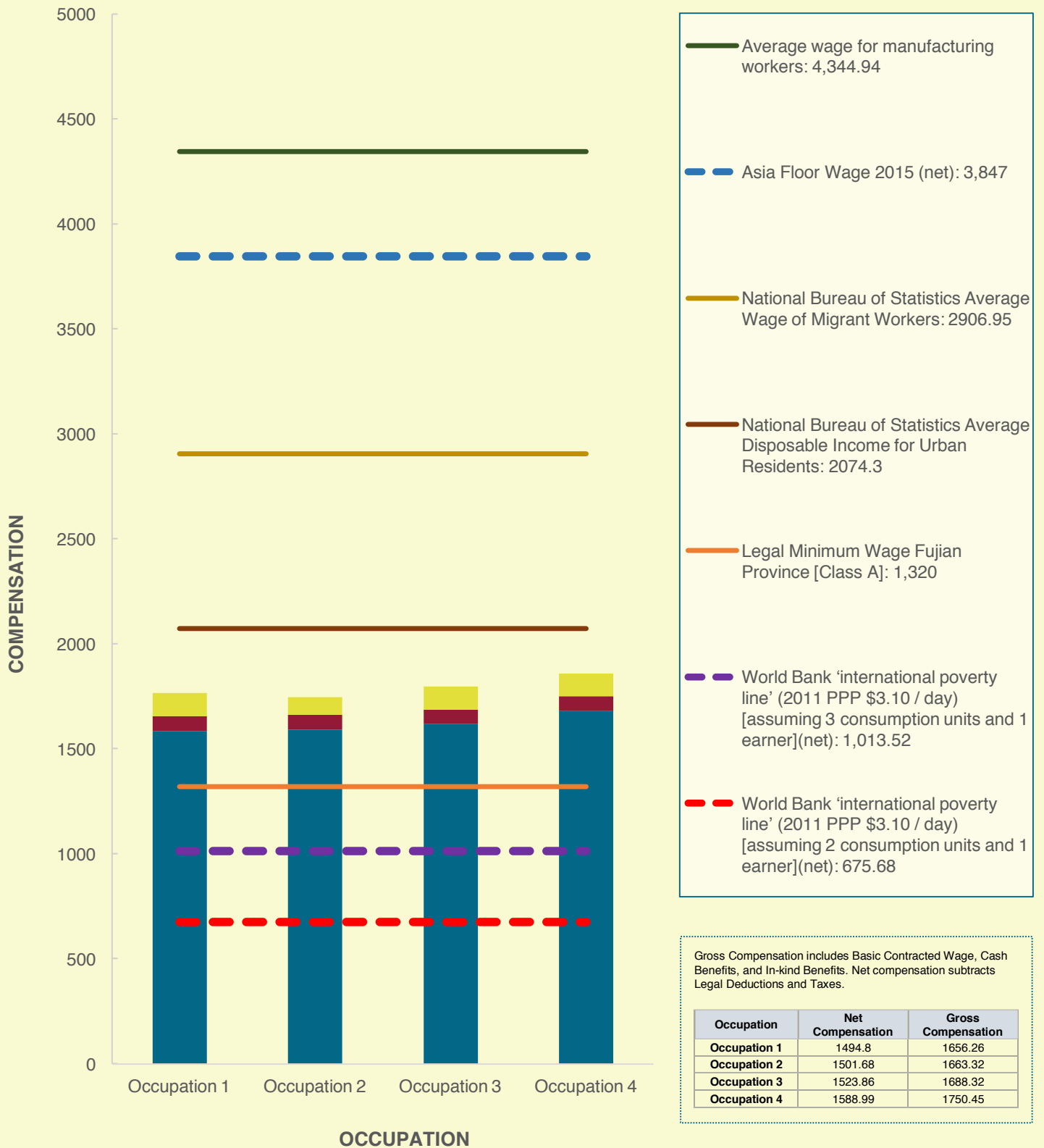
# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (14) *Currency: Yuan (CNY)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (15) *Currency: Yuan (CNY)*



Basic Contracted Wage

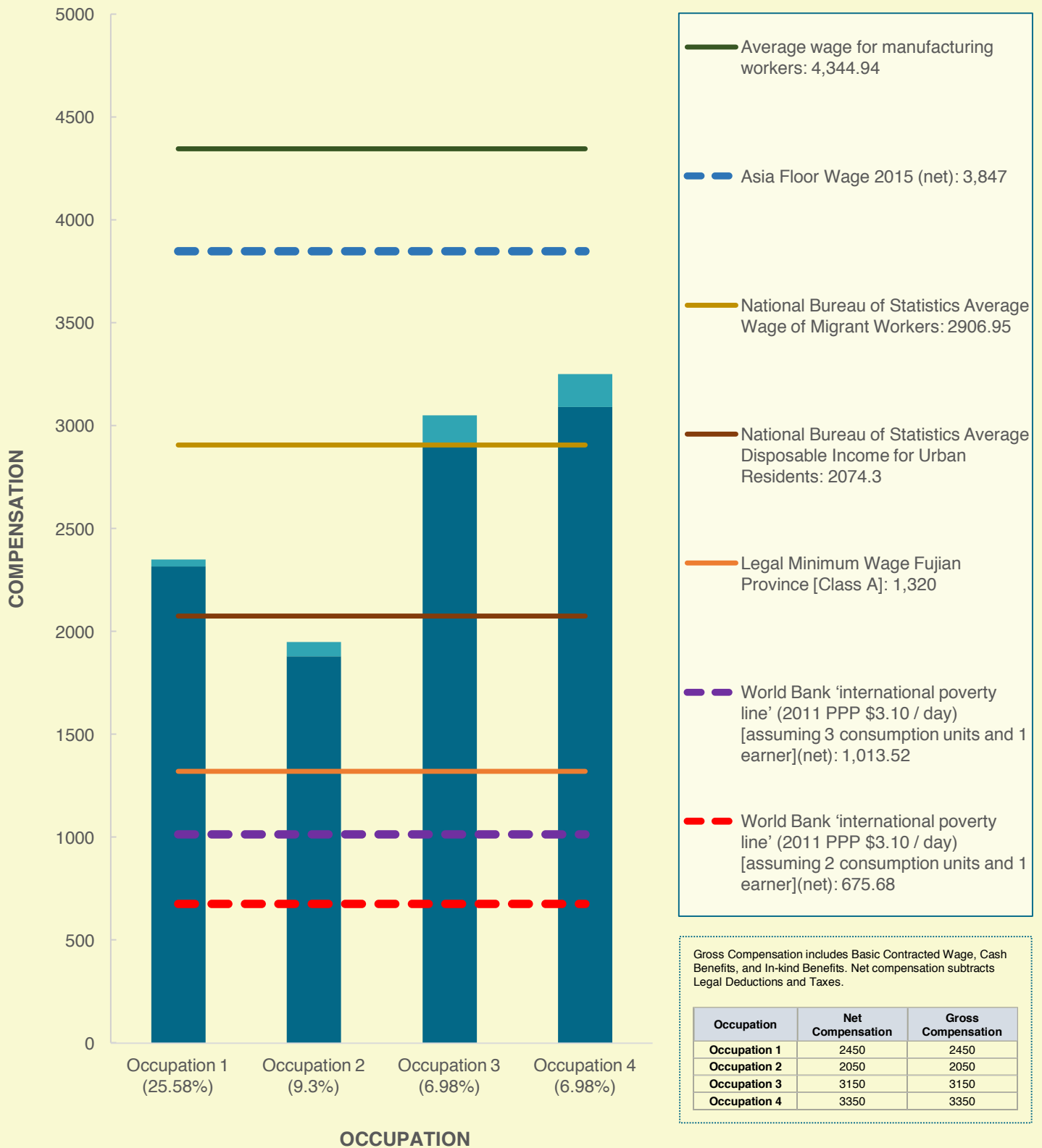
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (16) *Currency: Yuan (CNY)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (17) *Currency: Yuan (CNY)*



Basic Contracted Wage

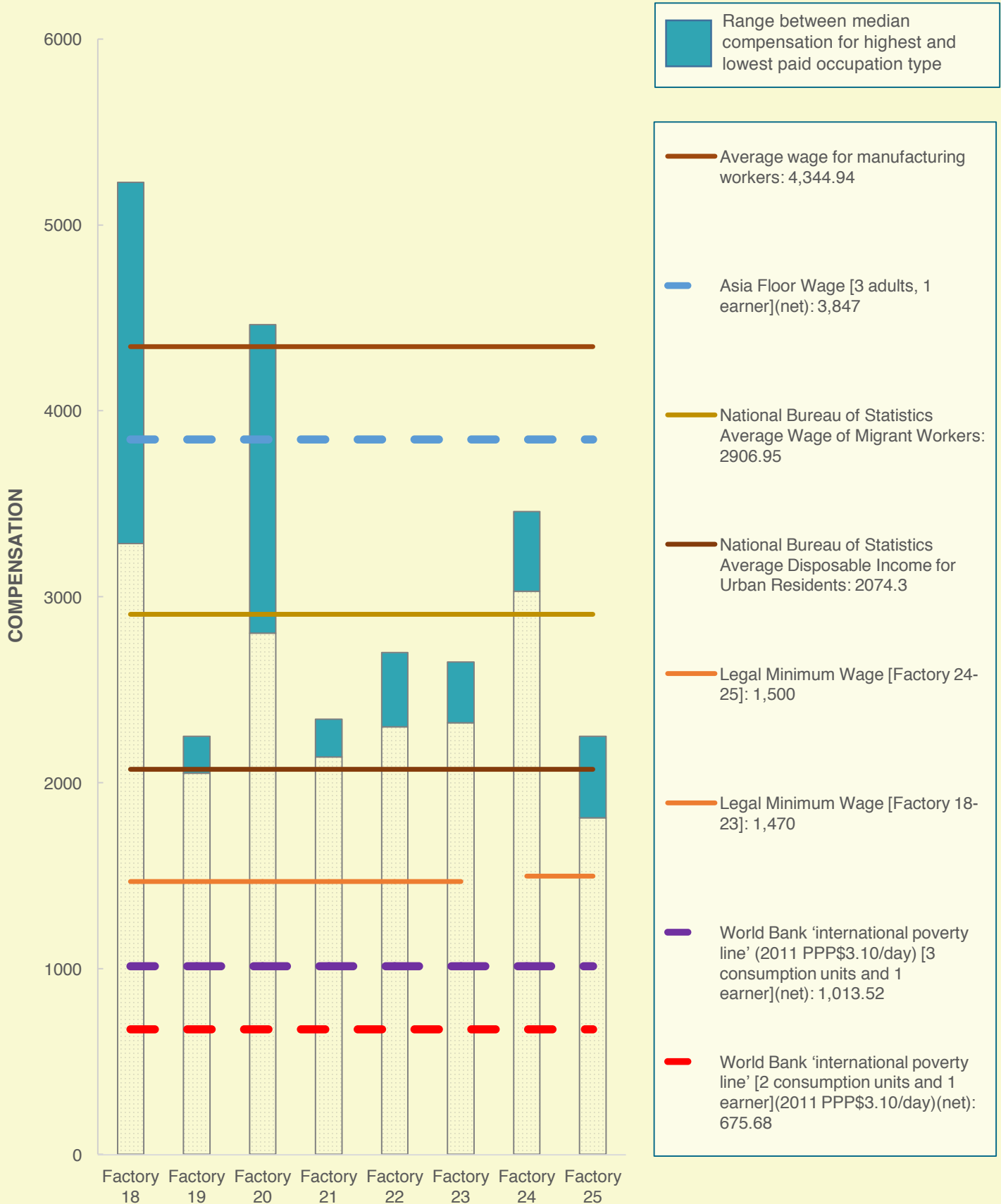
Cash Benefit

In-Kind Benefit

Incentives

# COMPENSATION COMPARISON ACROSS FACTORIES

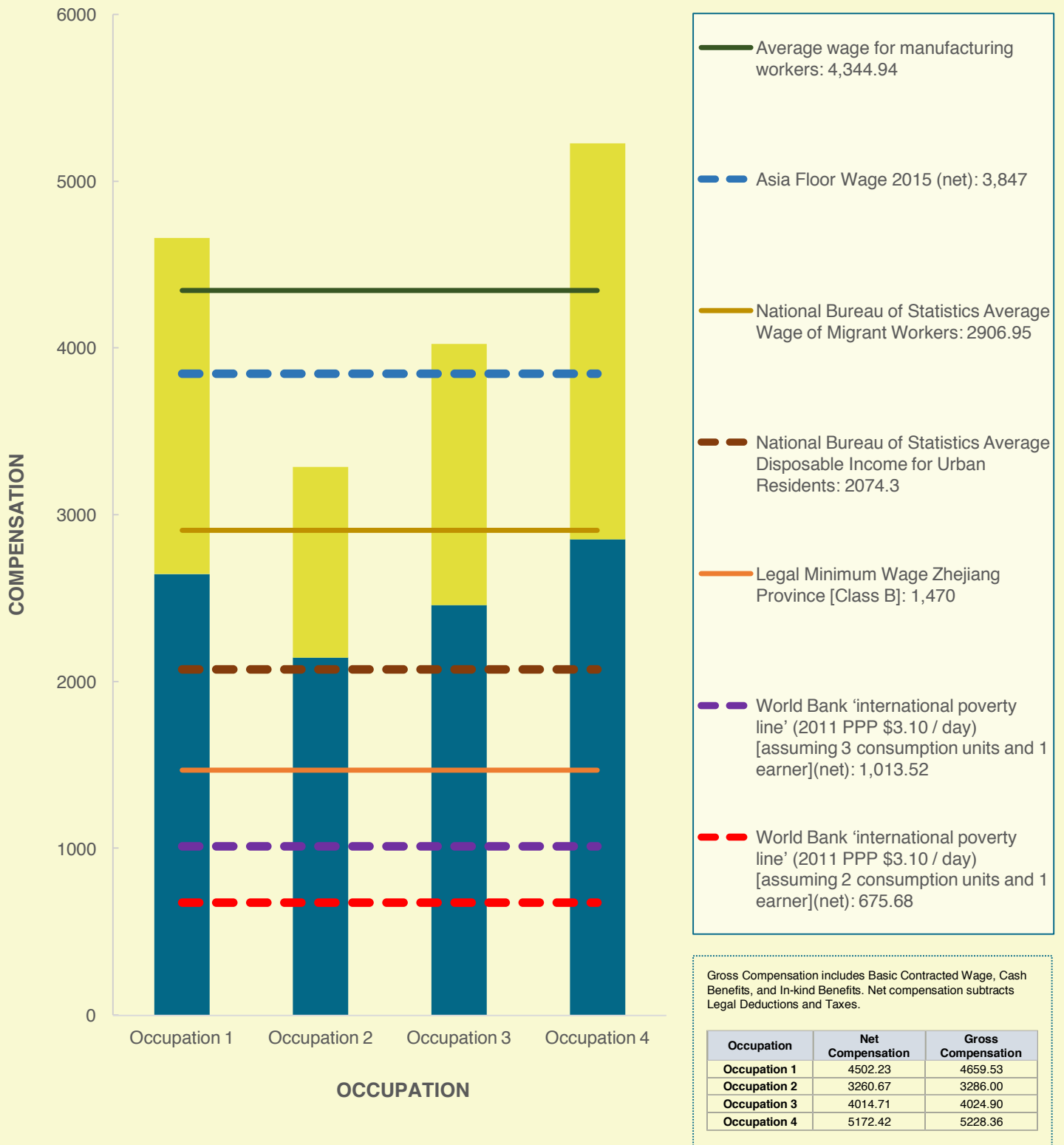
**CHINA** Currency: Yuan (CNY)





# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (18) *Currency: Yuan (CNY)*



Basic Contracted Wage

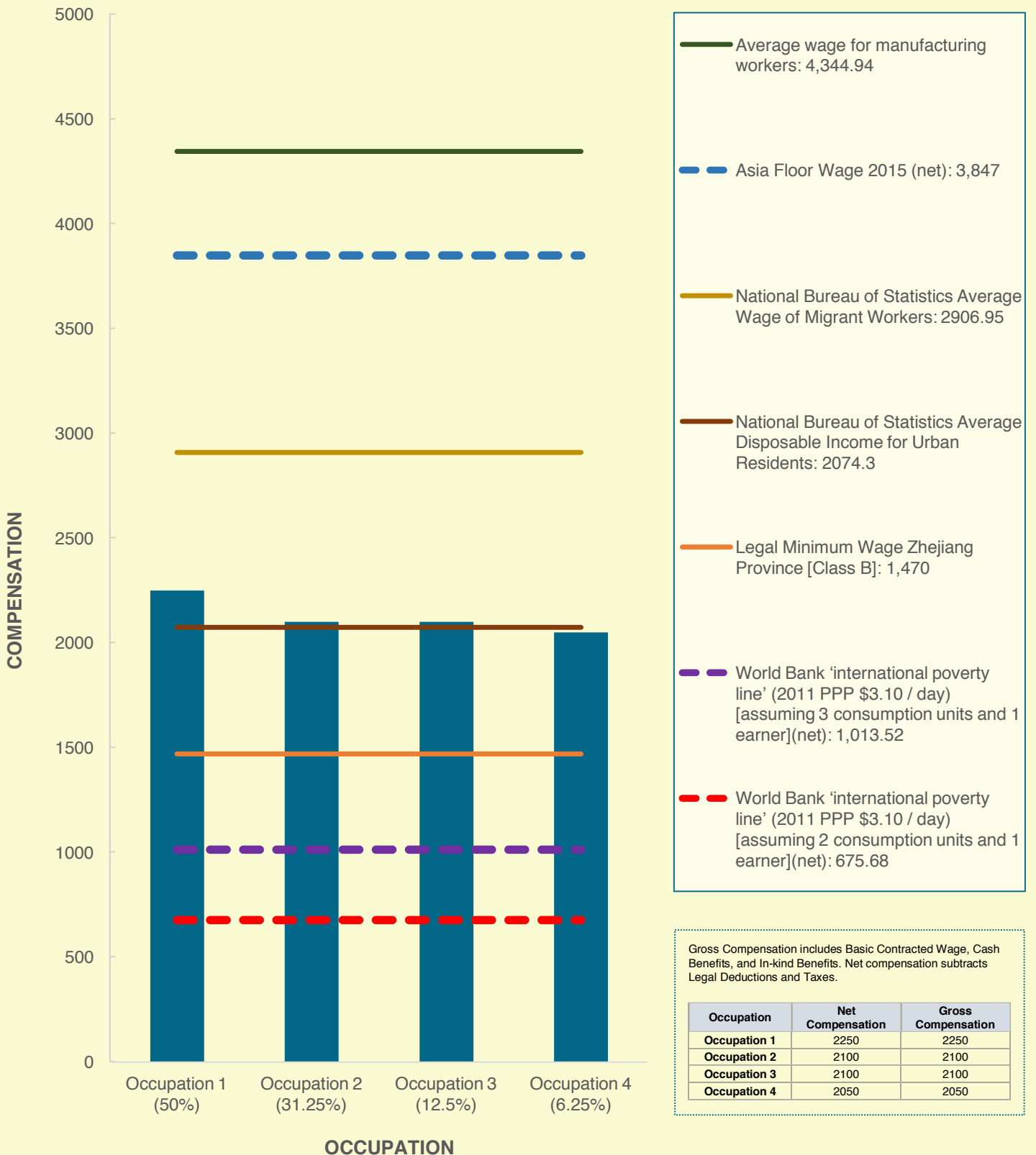
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (19) *Currency: Yuan (CNY)*



Basic Contracted Wage

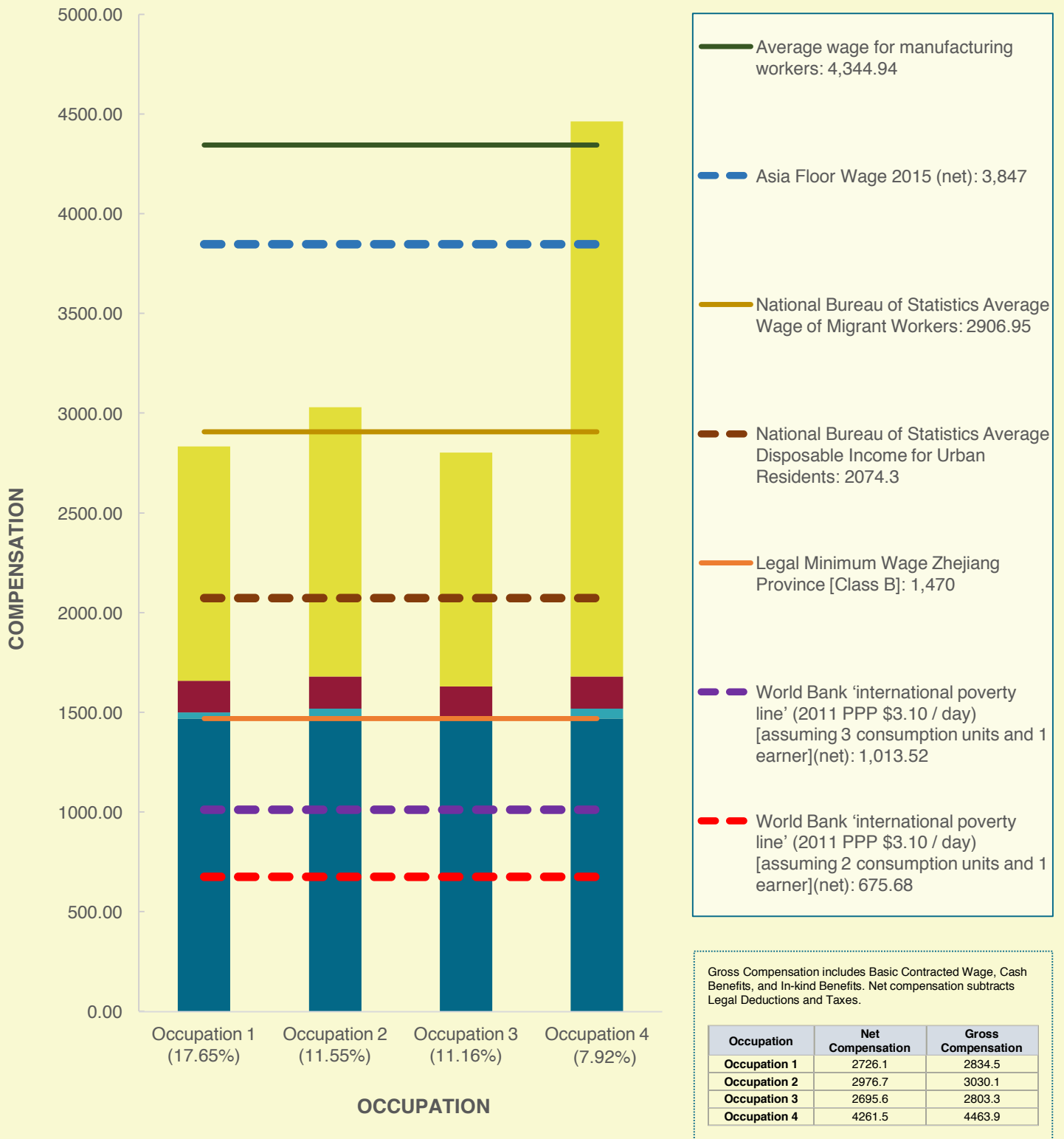
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (20) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (21) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (22) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (23) *Currency: Yuan (CNY)*



Basic Contracted Wage

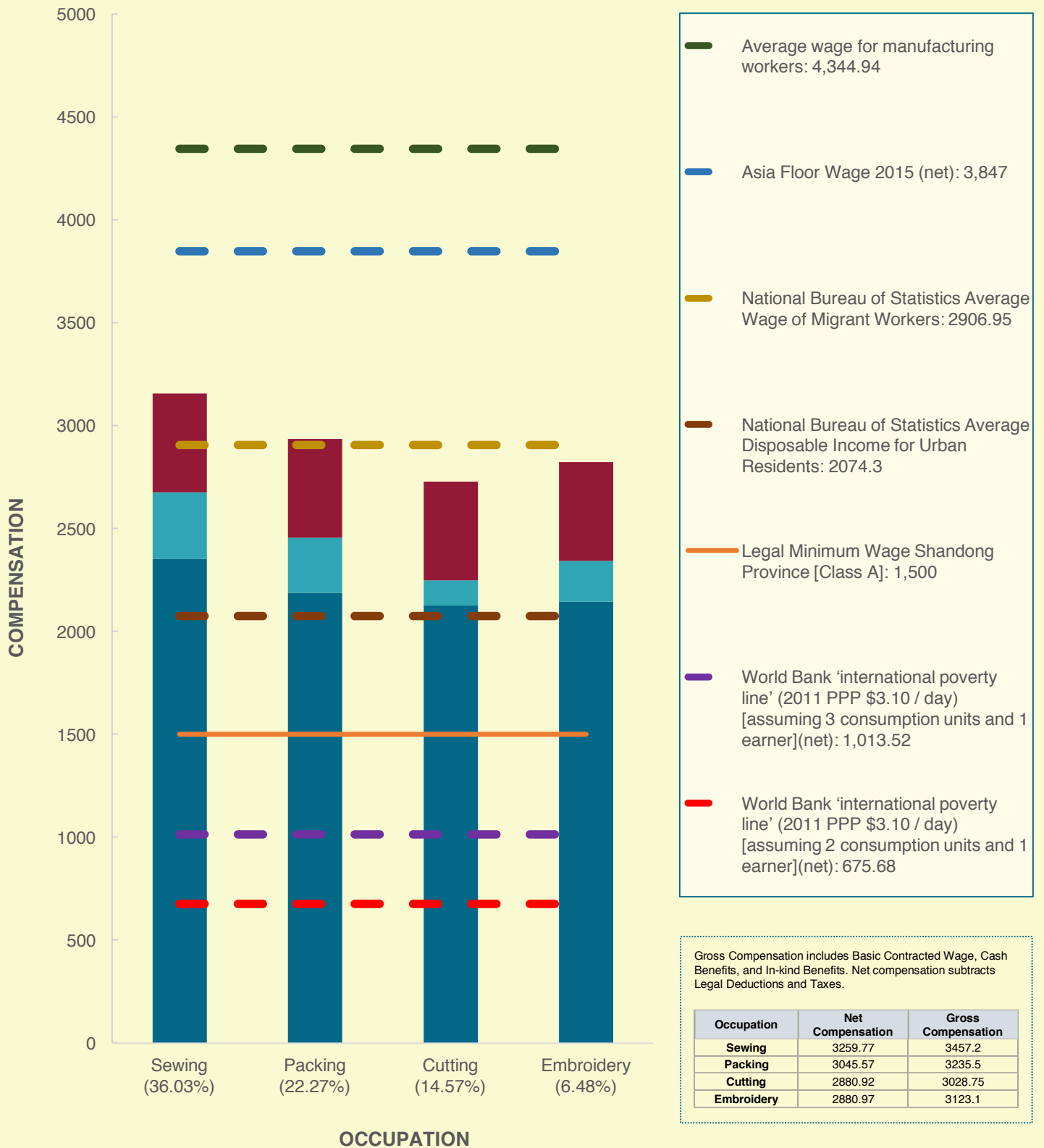
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (24) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

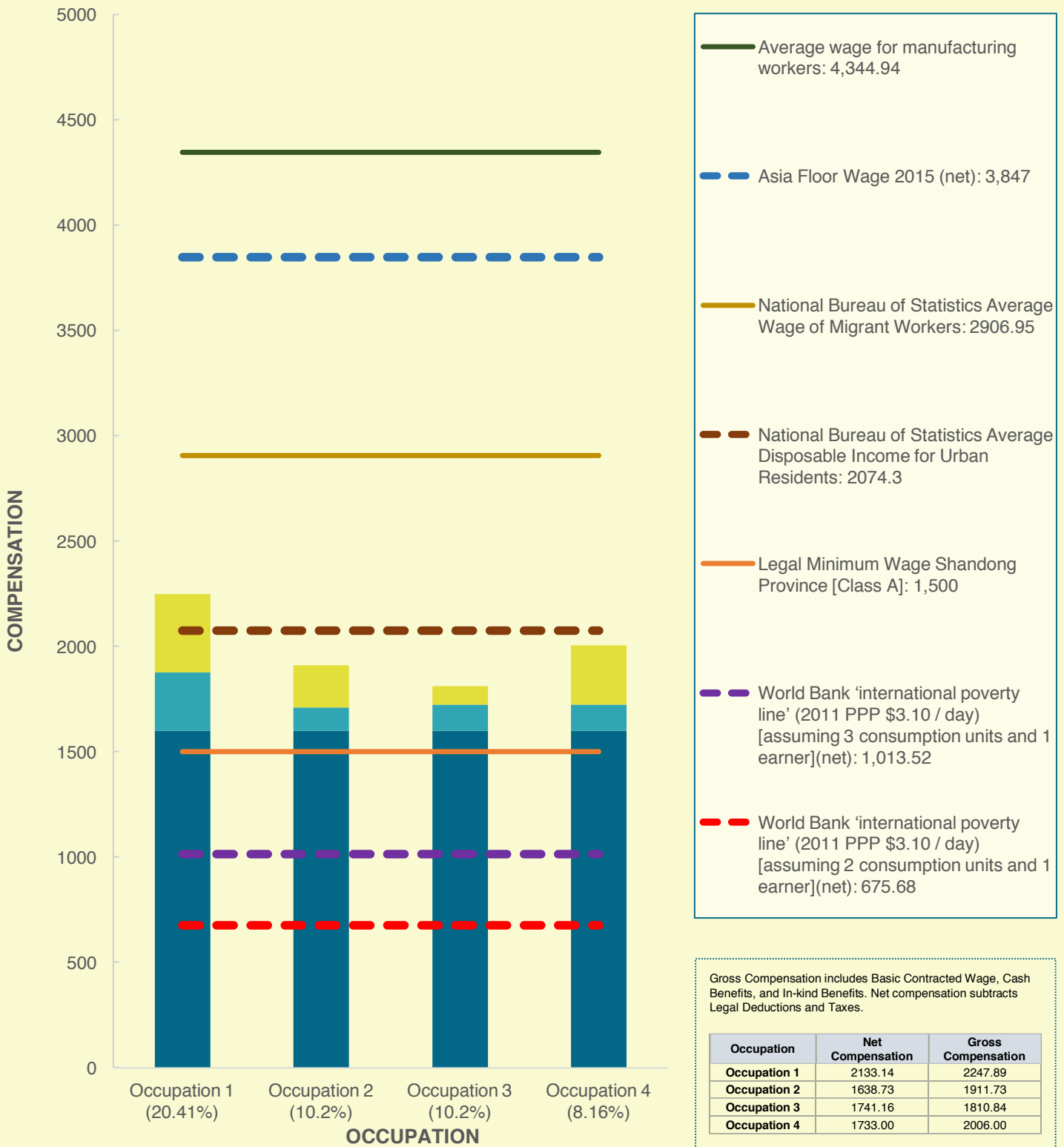
In-Kind Benefit

Incentives



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (25) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

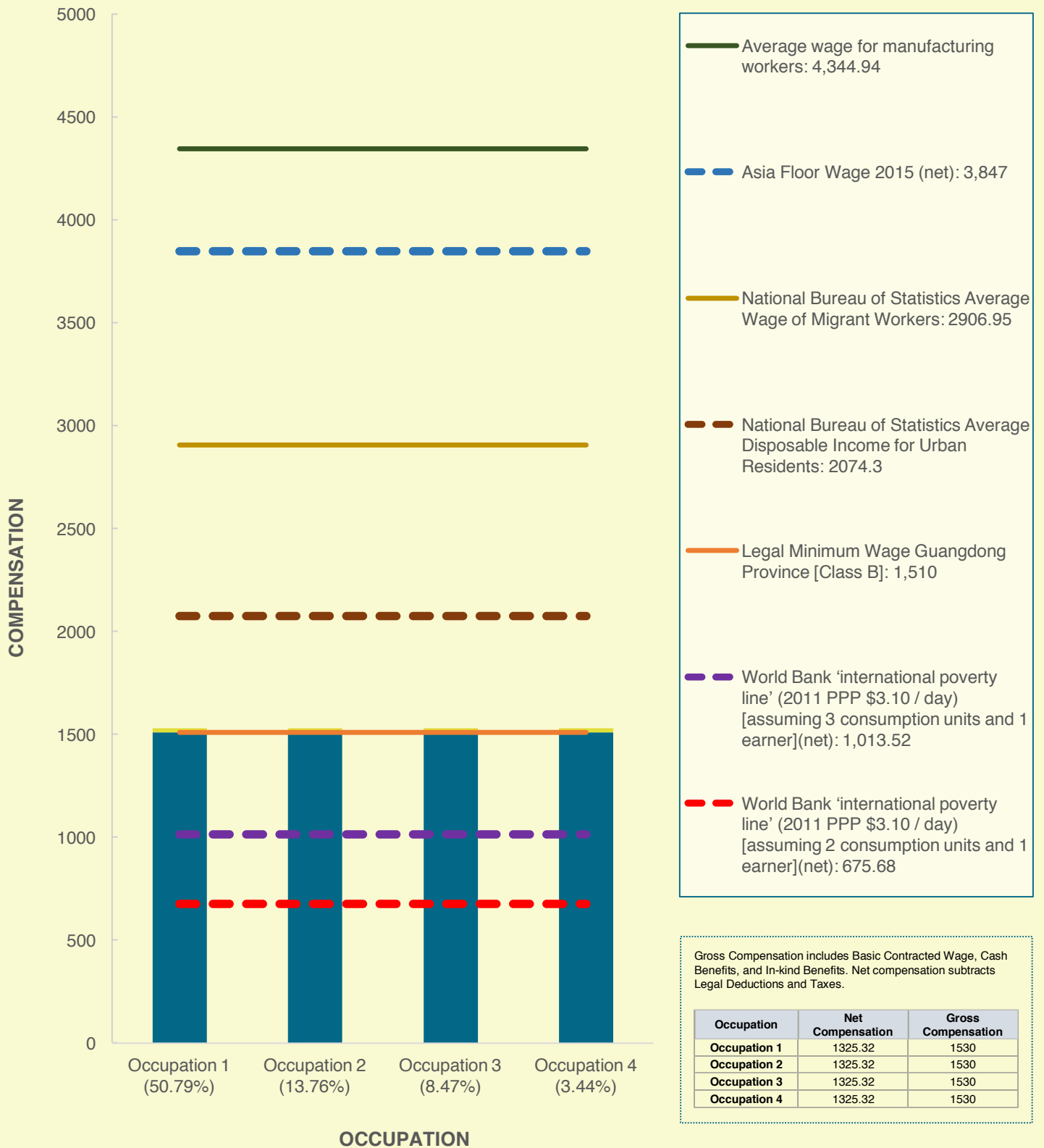
# COMPENSATION COMPARISON ACROSS FACTORIES

**CHINA** *Currency: Yuan (CNY)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (26) *Currency: Yuan (CNY)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (27) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (28) *Currency: Yuan (CNY)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (29) *Currency: Yuan (CNY)*



Basic Contracted Wage

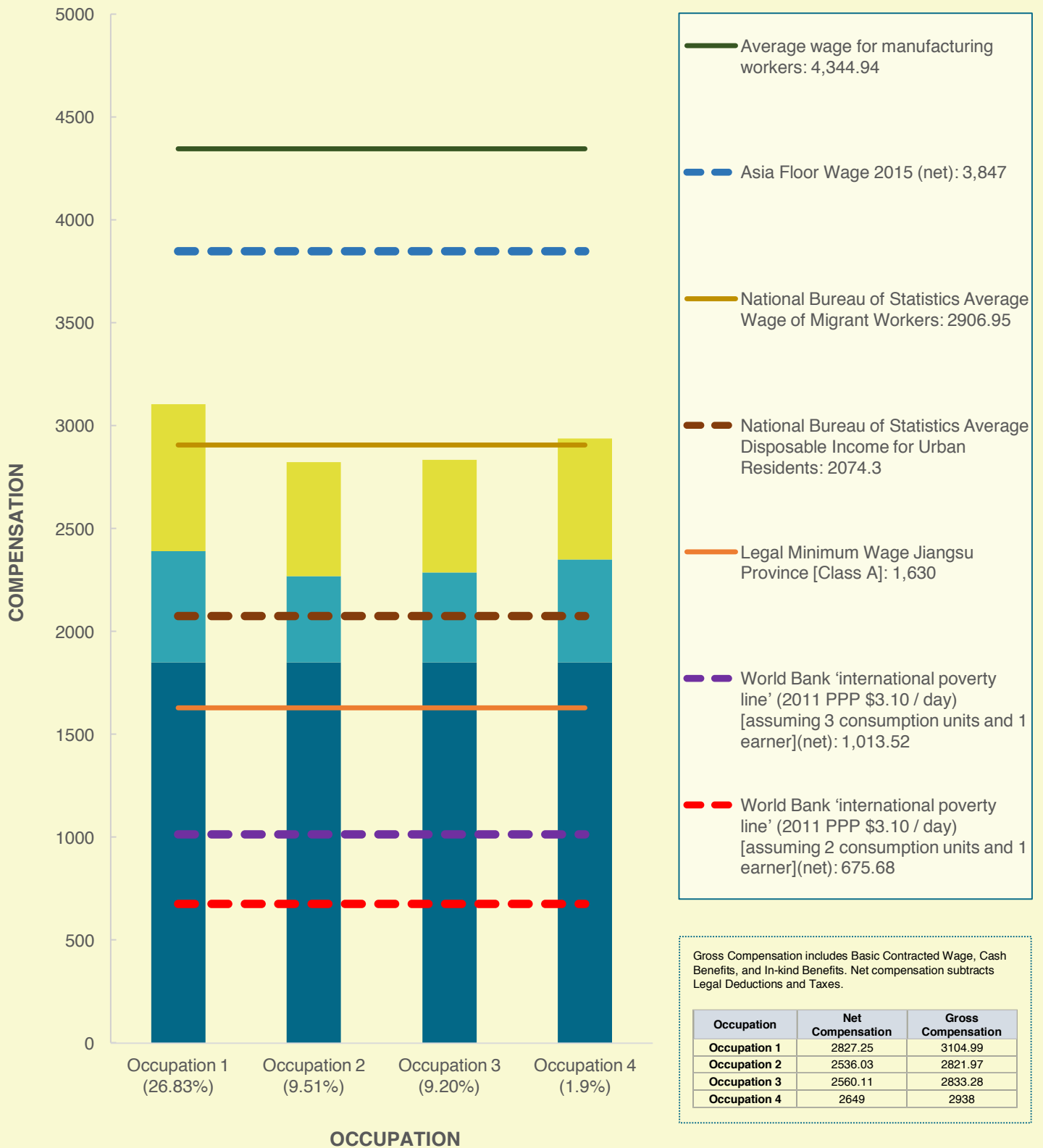
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (30) *Currency: Yuan (CNY)*





# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (31) *Currency: Yuan (CNY)*



Basic Contracted Wage

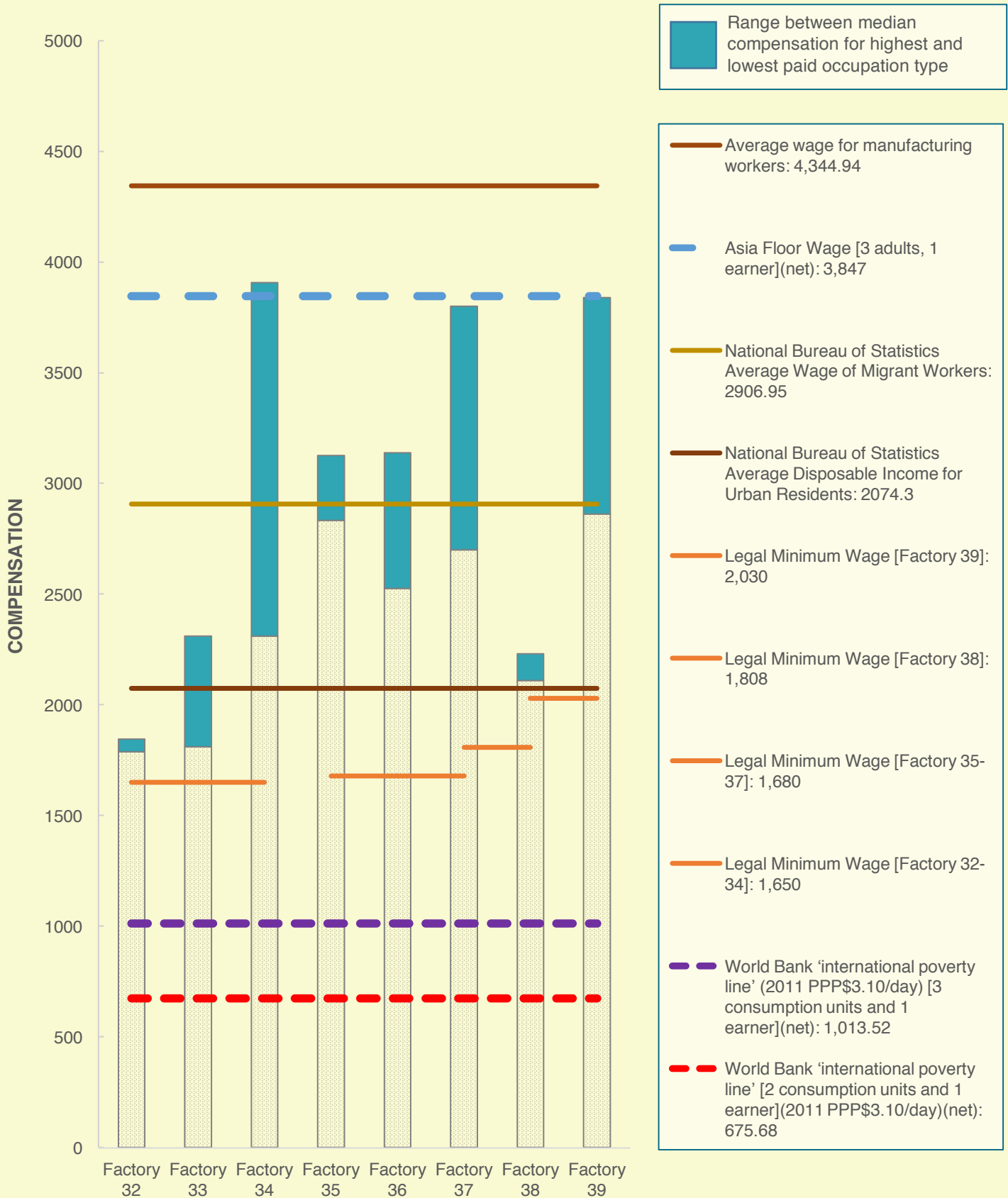
Cash Benefit

In-Kind Benefit

Incentives

# COMPENSATION COMPARISON ACROSS FACTORIES

**CHINA** Currency: Yuan (CNY)



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (32) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (33) *Currency: Yuan (CNY)*



Basic Contracted Wage

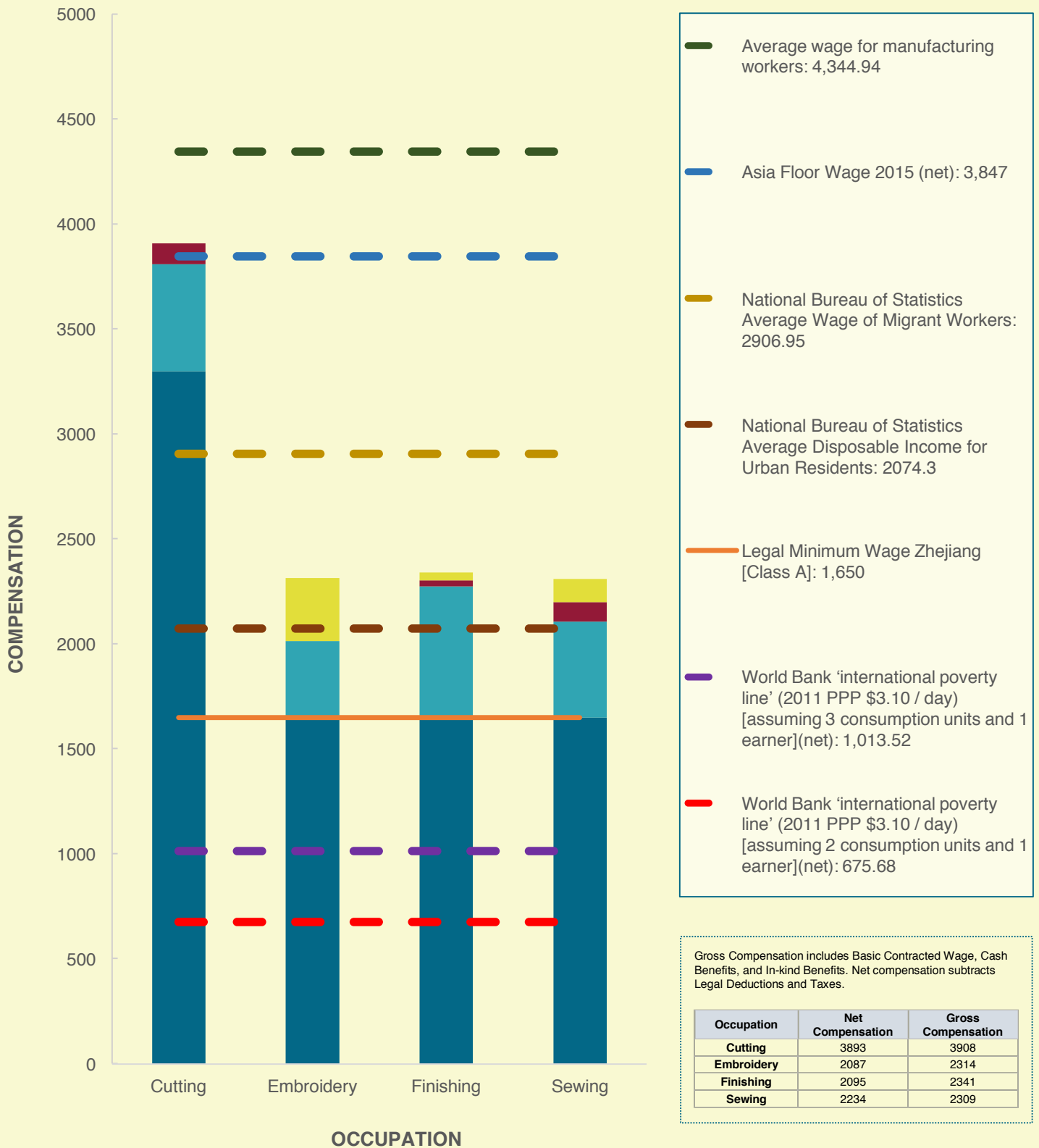
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (34) *Currency: Yuan (CNY)*



Basic Contracted Wage

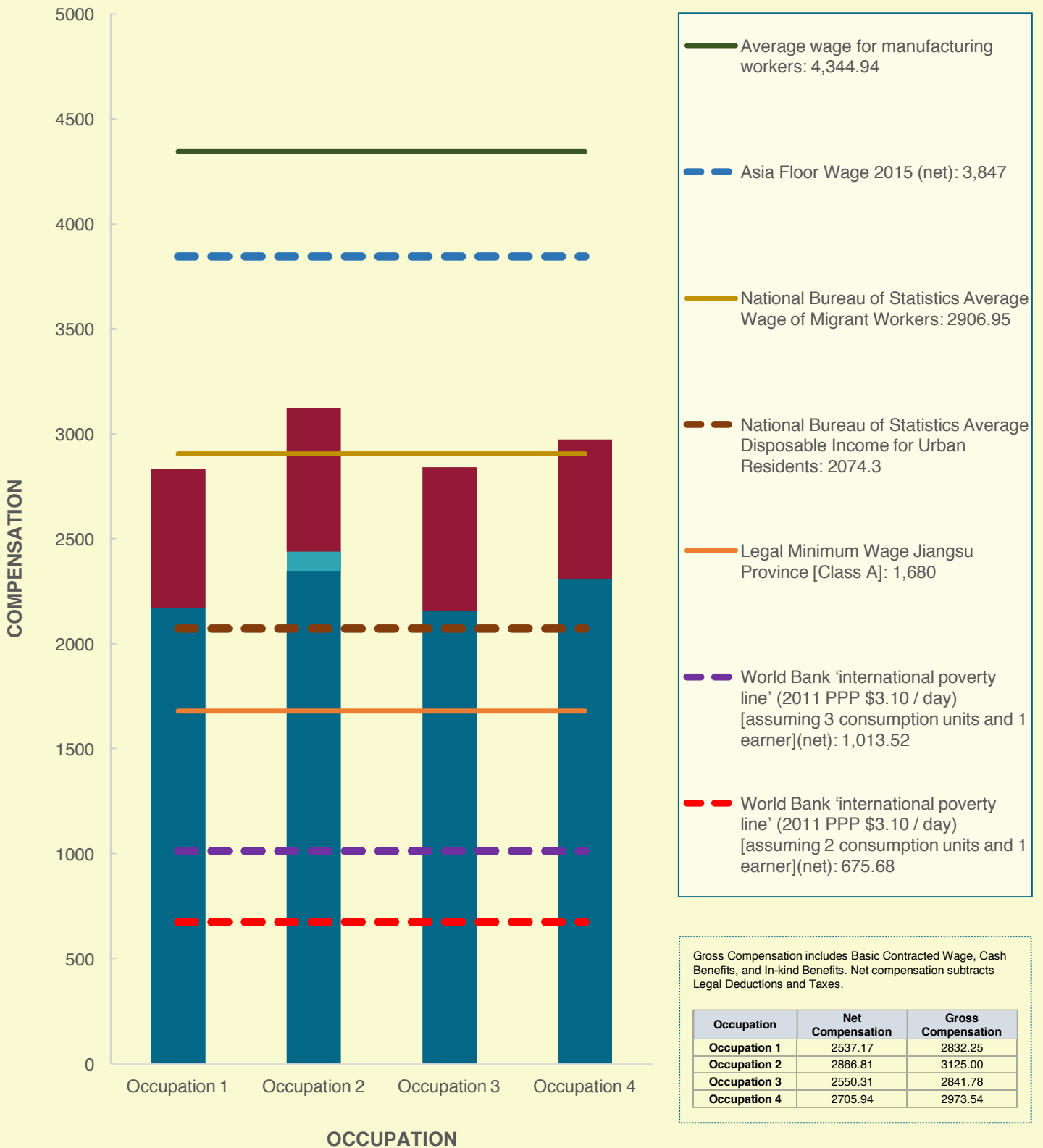
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (35) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (36) *Currency: Yuan (CNY)*



Basic Contracted Wage

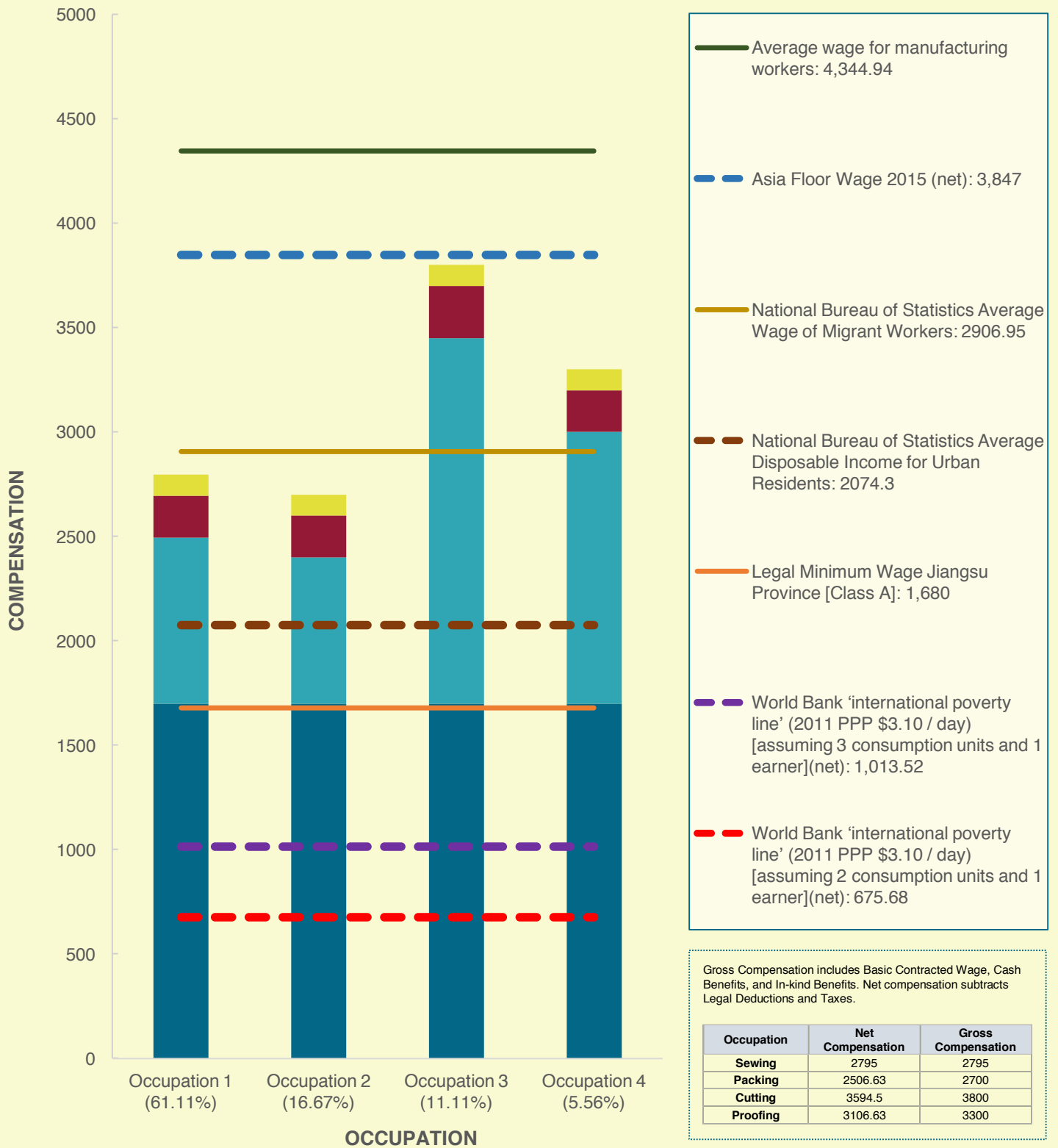
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

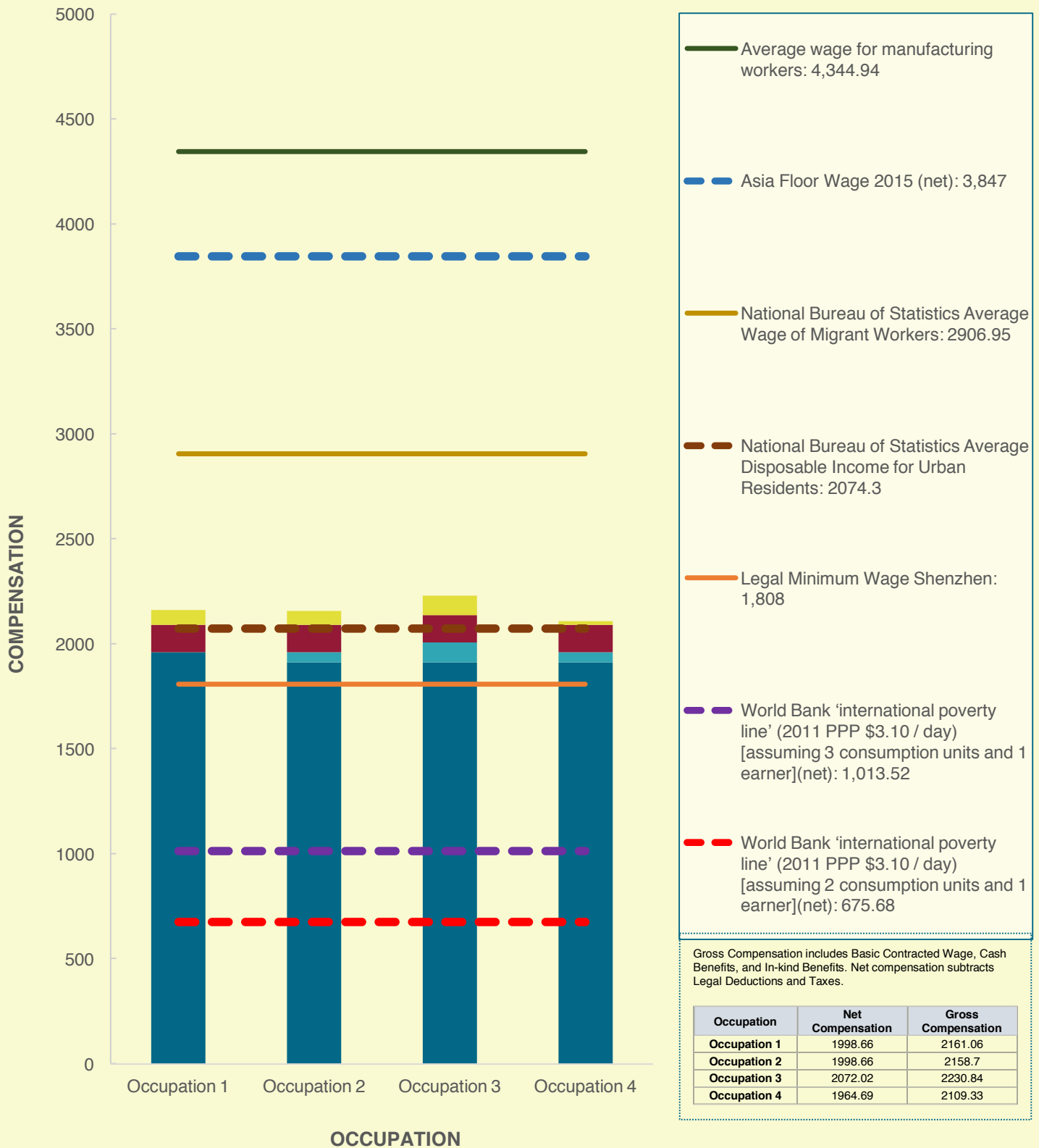
## CHINA (37) *Currency: Yuan (CNY)*





# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (38) *Currency: Yuan (CNY)*



Basic Contracted Wage

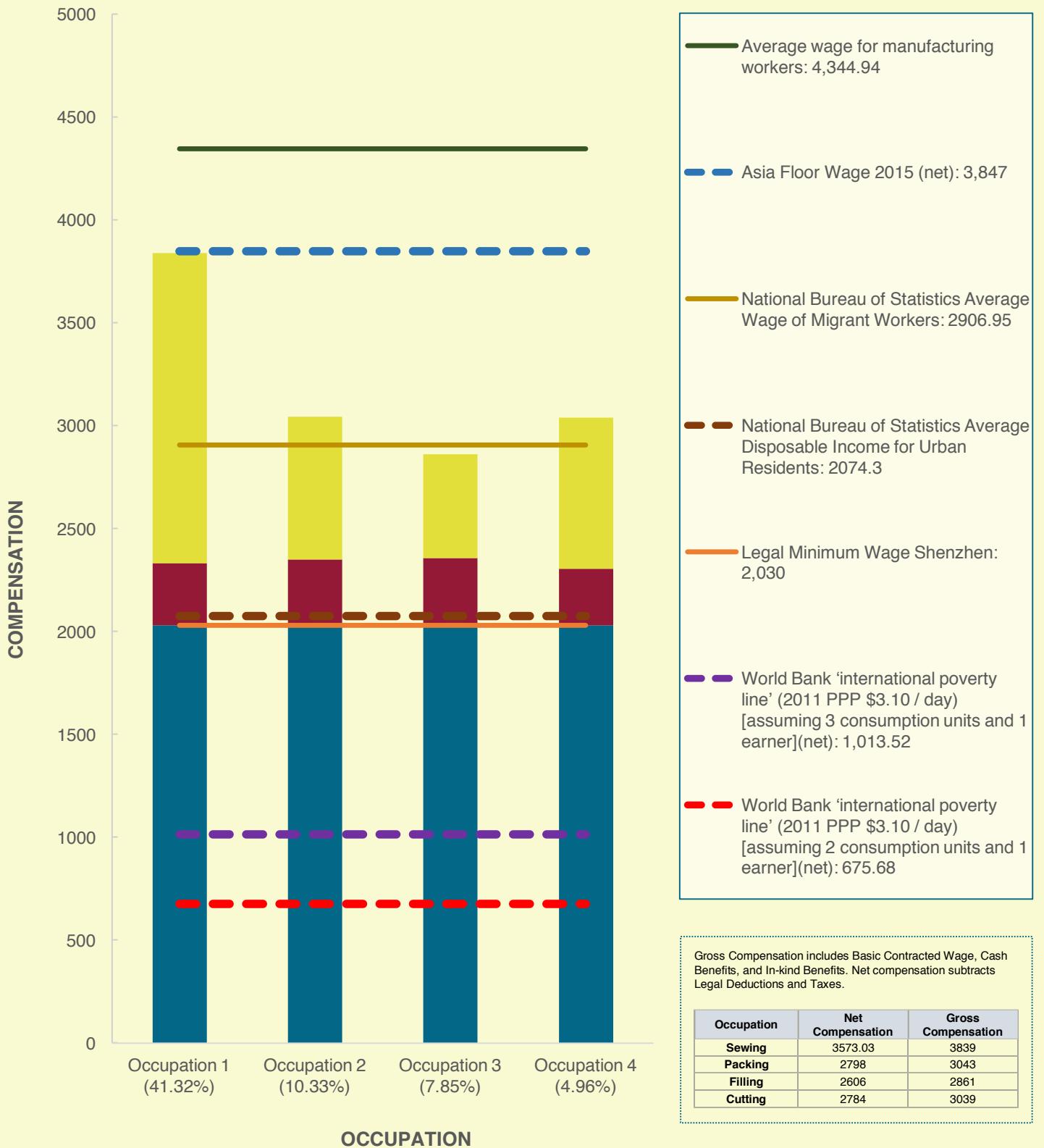
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## CHINA (39) *Currency: Yuan (CNY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# DOMINICAN REPUBLIC

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (DOP)
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>8,310 Dominican Pesos (DOP) since Oct. 2015</li> <li>7,220 DOP before Oct. 2015</li> </ul>		<b>8,310</b>
<b>Industry/sector wage comparator</b>  <b>Average Income from wages</b>	<ul style="list-style-type: none"> <li>Average wage income across entire economy for year 2014 (Ingreso promedio por hora de los ocupados por sector de ocupación y sexo, 2008 - 2014): DOP 13,660.75</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): DOP 13815.71</li> </ul>	<u>Oficina Nacional de Estadística</u>	<b>13,815.71</b>

## INCOME AND POVERTY BENCHMARKS

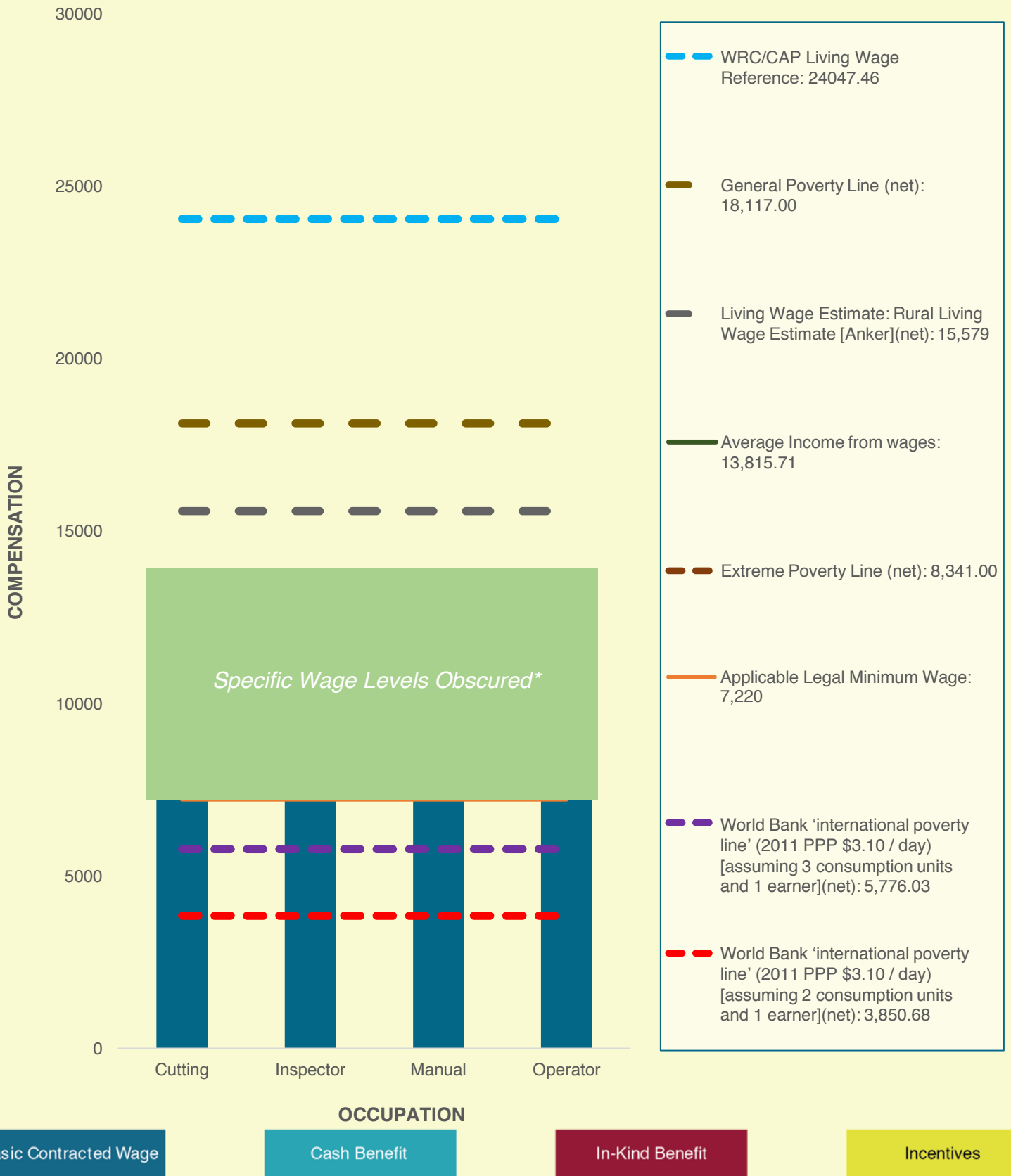
BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (DOP)
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at Purchasing Power Parity (PPP) \$3.10/day.</li> <li>The 2011 PPP conversion factor for Dominican Republic in 2014 is 20.19 (DOP).</li> <li>The \$3.10 equivalent is <math>(20.19 * 3.1) = \text{DOP } 62.59</math></li> <li>On a monthly basis, this is <math>(\text{DOP } 62.59 * (365/12)) = \text{DOP } 1903.75</math>.</li> <li>Adjusted for inflation, this amount becomes <math>[119.56(\text{CPI } 2015)/118.22 (\text{CPI } 2014) * \text{DOP } 1903.75] = \text{DOP } 1925.34/\text{person/month}</math></li> <li>The household equivalent of DOP 1925.34, assuming two consumption units and one earner is DOP 3850.69/month.</li> </ul>	<u>WB 2011 ICP</u>	<b>3,850.69</b>
	<ul style="list-style-type: none"> <li>The household equivalent of DOP is 1925.34; assuming three consumption units and one earner this becomes DOP 5776.03/month.</li> </ul>		<b>5,776.03</b>
<b>General Poverty Line (4-member household)</b>	<ul style="list-style-type: none"> <li>The General Poverty Line (Linea de Pobreza General [LP]) is a national statistic, which represents the level of income needed to meet basic needs and provide more than the minimal daily caloric requirement for an adult, estimated nationally at 2,157 calories, based on data from the National Income and Expenditure Survey 2007 (ENIGH) and nutritional recommendations from Public Health Ministry.</li> <li>The data is generated by the Comité Interinstitucional de Medicion de Pobreza (CTP) using a national estimate.</li> <li>For September 2015 the value was DOP 18,117.00 household/month, for a four-member household.</li> </ul>	<u>CTP September 2015</u>	<b>18,117</b>

# DOMINICAN REPUBLIC

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (DOP)
<b>Extreme Poverty Line (4-member household)</b>	<ul style="list-style-type: none"> <li>The extreme poverty line (Linea de Pobreza Extrema [LPE]) is a national statistic, which represents a level of income that can provide no more than the minimal daily caloric requirement for an adult.</li> <li>The data is generated by the Comité Interinstitucional de Medicion de Pobreza (CTP) using the national estimate.</li> <li>For September 2015 the value was DOP 8,341.00 household/month for a four-member household.</li> </ul>	<u>CTP</u> <u>September</u> <u>2015</u>	<b>8,341</b>
<b>Living Wage Estimate</b>  <b>Worker Rights Consortium/CAP (1 adult, 2 children, and 1 earner)</b>	<ul style="list-style-type: none"> <li>The figure comes from a paper prepared for the Center for American Progress (CAP) by the Worker Rights Consortium (WRC). For Dominican Republic for 2011 the figure was was DOP 21,236.96 (based on the 2008 WRC living-wage figure and adjusted using consumer-price-inflation from the World Bank, see p.16 and Table 2 on p.18 of the WRC report). The WRC assumed that the average worker has a family of four, and that one of the family members represents an additional wage earner whose income covers one-quarter of a family's expenses. The living wage for a full-time worker is based on the amount that is sufficient to cover the expenditures of three of the four family members—one adult and two school-age children.</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 24,047</li> </ul>	<u>Worker</u> <u>Rights</u> <u>Consortium/</u> <u>CAP 2013</u>	<b>24,047</b>
<b>Living Wage Estimate</b>  <b>Rural Living Wage Estimate (Anker) (2 adults, 2 children, 1.67 earners)</b>	<ul style="list-style-type: none"> <li>Living wage estimate 14,956 DOP is based on the cost of a nutritious diet, the cost of basic acceptable decent housing, and the cost of all other needs at a decent level, using methodology developed by Richard and Martha Anker. The report estimates a living wage for rural areas of the Dominican Republic with a focus on the banana-growing region in the north.</li> <li>Household expenses were estimated based on a family size of four (two adults and two children) and defrayed family living costs over an average of 1.67 workers per couple based on labor force participation rates, unemployment rates, and part-time employment rates in rural Dominican Republic.</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 15579</li> </ul>	<u>Fairtrade</u> <u>and SAI</u> <u>2013</u>	<b>15,579</b>

# FACTORY ASSESSMENT COMPENSATION DATA AND CONTINUUM DOMINICAN REPUBLIC (1) *Currency: Dominican Peso (DOP)*



\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## DOMINICAN REPUBLIC (2) *Currency: Dominican Peso (DOP)*



## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (EGP)
<b>Industry/sector wage comparator</b>  <b>Minimum wage for public sector</b>	<ul style="list-style-type: none"> <li>The monthly salary paid to employees of public sector in normal working conditions, ensuring full working days as standard days in the month and completing the assigned work.</li> </ul>		<b>1,200</b>
<b>Industry/sector wage comparator</b>  <b>CAPMAS average wage</b>	<ul style="list-style-type: none"> <li>Average weekly salaries for private sector employees in 2014: Egyptian Pound (EGP) 506</li> <li>Average monthly wage = <math>506 * 52 / 12 = 2192.67</math></li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 2433.75</li> </ul>	<u>Central Agency for Public Mobilization and Statistics (CAPMAS)</u>	<b>2,433.75</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (EGP)
<b>World Bank 'international poverty line' (2011 PPP\$ 2.00/day)</b>	<ul style="list-style-type: none"> <li>Following the World Bank's suggestion, we used the 2005 Purchasing Power Parity (PPP) conversion factor, adjusted for inflation. The reason for this is that when the World Bank recently updated its poverty thresholds, the study considered that for a small set of countries, including Bangladesh, Laos, Cambodia, Cape Verde, Jordan, Egypt, Iraq, Yemen, the 'extrapolated' 2005 PPP\$ (adjusted for inflation) was more accurate as a measure of poverty/living costs than the 2011 PPP\$. Therefore, as an exception, the best like-for-like comparison with countries' minimum wages in 2011 PPP\$ for Egypt is the 2005 PPP conversion factor, adjusted for inflation. For more info, see pages 30-31 of the World Bank Group/IMF, 2016, Global Monitoring Report 2015/16 Development Goals in an Era of Demographic Change, at <a href="http://pubdocs.worldbank.org/pubdocs/publicdoc/2015/10/503001444058224597/Global-Monitoring-Report-2015.pdf">http://pubdocs.worldbank.org/pubdocs/publicdoc/2015/10/503001444058224597/Global-Monitoring-Report-2015.pdf</a></li> <li>For World Bank international poverty line, poverty is measured at PPP\$3.10 a day, for international extreme poverty line, it is measured at PPP\$1.90 a day. However, due to the reasons stated above, for Egypt, the former standard poverty benchmarks of PPP\$1.25/day (extreme poverty line) and PPP\$2/day (international poverty line) are used instead of the updated \$1.90/day \$3.10/day lines.</li> <li>The \$2/day equivalent is <math>(1.62 * 2) = \text{EGP } 3.24</math></li> <li>On a monthly basis, this is <math>(\text{EGP } 3.24 * (365/12)) = \text{EGP } 98.55</math></li> <li>Adjusted for inflation, this amount is <math>[(336.85 (\text{CPI } 2015) / 127.39 (\text{CPI } 2005)) * 98.55] = \text{EGP } 260.58/\text{person/month}</math></li> <li>The household equivalent of EGP 260.58, assuming two consumption units and one earner is <math>\text{EGP } 521.17 (2/1 * \text{EGP } 260.58)</math></li> </ul>	<u>World Bank</u>	<b>521.17</b>
	<ul style="list-style-type: none"> <li>The household equivalent of EGP 260.58, assuming three consumption units and one earner is <math>\text{EGP } 781.75 (3/1 * \text{EGP } 260.58)</math></li> </ul>		<b>781.75</b>

# EGYPT

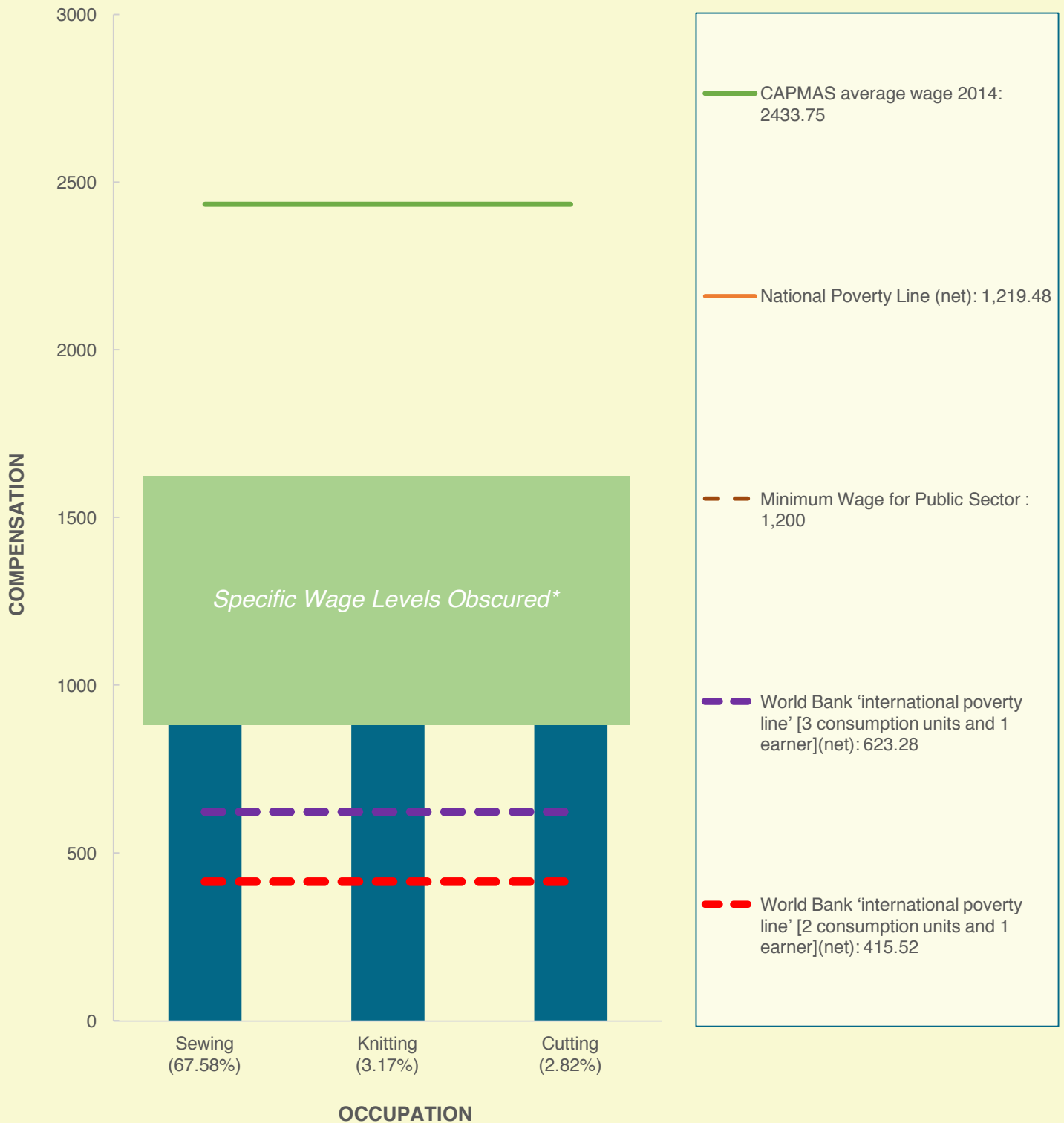
## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (EGP)
<b>National Poverty Line</b>  <b>CAPMAS (2 adults and 1 earner)</b>	<ul style="list-style-type: none"> <li>This data was drawn and calculated from different editions of the CAPMAS' Household, Income, Expenditure and Consumption Survey. Value called 'upper poverty line' selected as a higher value is more likely to be relevant to garment sector due to its location in relatively more costly urban areas. The value of upper poverty line in 2012/13 was 5,600 per person per year, which is 466.67 per person per month.</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 609.74</li> <li>Monthly, household equivalent (assuming two adult consumption units and one earner): 1219.48</li> </ul>	<a href="#">CAPMAS via UNICEF Children in Egypt Statistical Digest 2015</a>	<b>1,219.48</b>



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## EGYPT (1) *Currency: Egyptian Pound (EGP)*



Basic Contracted Wage

Cash Benefit

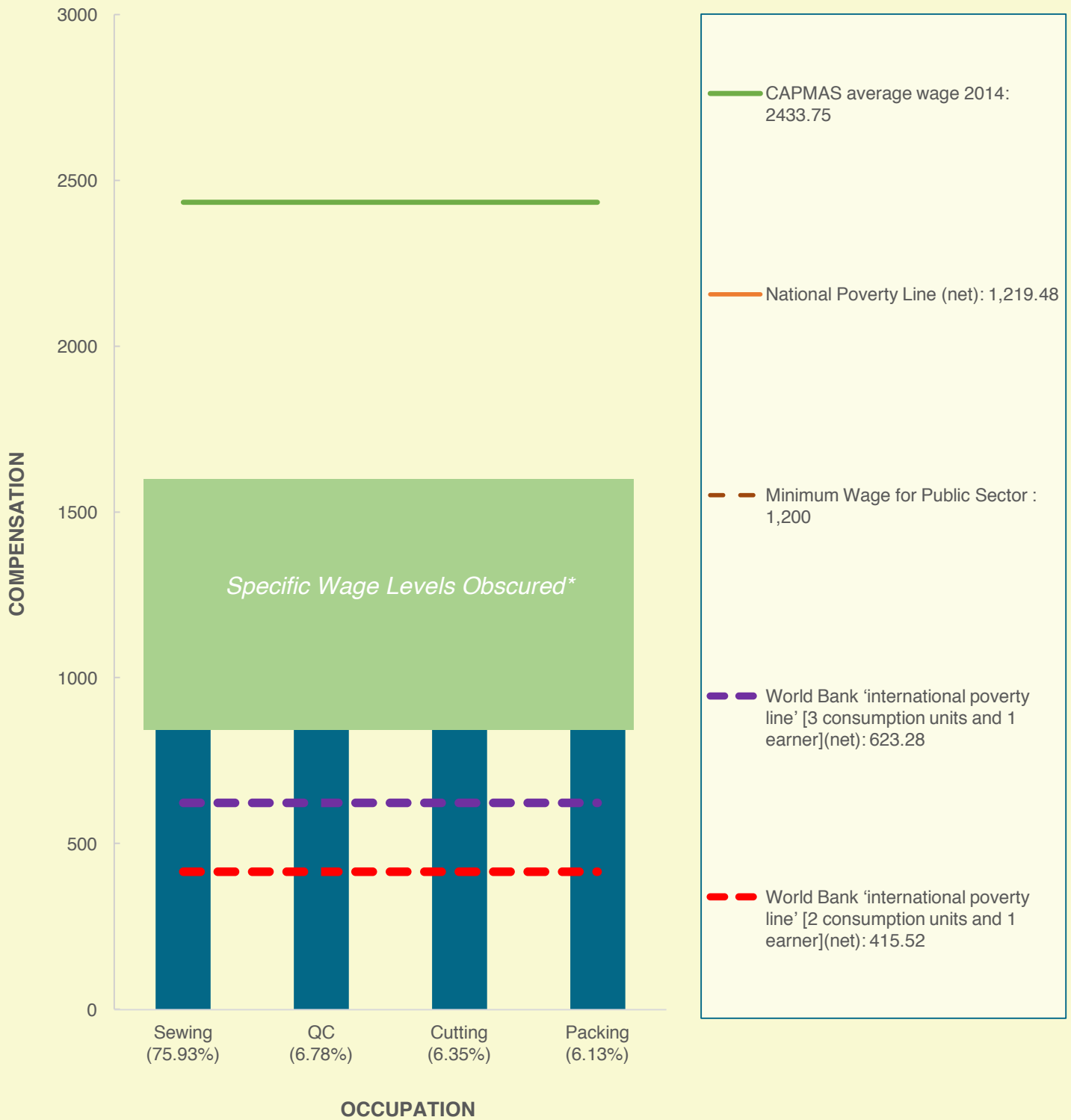
In-Kind Benefit

Incentives

\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## EGYPT (2) *Currency: Egyptian Pound (EGP)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

# EL SALVADOR

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (US\$)
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>US dollars 246.60 per month is the applicable legal minimum wage (LMW) for industry since January 1, 2015. The factories assessed were tier-2 facilities, which fall into the category of "industry," which is different from those manufacturing facilities that export their products. The applicable LMW for 2014 was 237 (salary valid from January 1 to December 31, 2014).</li> </ul>		<b>\$246.60</b>
<b>Industry/ sector wage comparator</b>  <b>Sectoral Average Wage— Manufacturing</b>	<ul style="list-style-type: none"> <li>The sectoral average wage for manufacturing is \$264.80/month (2014).</li> <li>Because of deflation in El Salvador from 2014 to 2015, the figure was not adjusted.</li> </ul>	<u>EHPM</u>	<b>\$264.80</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (US\$)
<b>National Poverty Line (3.73-member family)</b>	<ul style="list-style-type: none"> <li>The 'extended basket' value is calculated based on Canasta Básica Alimentaria (CBA). The CBA represents the total cost of a basic basket of food items capable of meeting a minimum caloric intake threshold (including bread, tortillas, rice, beans, sugar, milk, meat, eggs, vegetables for the total of 2,200 calories and 46 grams of protein). Individuals and households earning less than this amount are considered to be in 'extreme poverty.' The total CBA for one family was US\$205.89/month in August 2015. The calculation was based on a household size of 3.73.</li> <li>The Canasta Ampliada ('extended basket') has historically been used in national statistics to represent 'relative poverty.' However, the figure is no longer officially published by DIGESTYC.</li> <li>The 'expanded basket' is calculated as twice the value of the CBA for one family (3.73 members). This follows the rule of thumb (based on Engel's law) that the poorest will spend more of their income, in comparison to other non-poor groups, on food. It is therefore \$411.78/ family/month (August 2015)</li> </ul>	<u>DIGESTYC</u>	<b>\$411.78</b>

# EL SALVADOR

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (US\$)
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10 / day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at Purchasing Power Parity (PPP) \$3.10/day. PPP \$1.90 (in 2011 PPP\$) per day per person represents the international 'extreme poverty line' for extremely poor countries.</li> <li>The 2011 PPP conversion factor for El Salvador in 2014 is USD\$0.50.</li> <li>The \$3.10 equivalent is <math>(\\$0.50 * 3.1) = 1.55</math></li> <li>On a monthly basis, this is <math>(1.55 * (365/12)) = \\$47.15</math></li> <li>Adjusted for inflation, this amount is <math>[108.91 (CPI 2015)/110.18 (CPI 2014) * \\$ 47.15] = \\$ 46.60/\text{person}/\text{month}</math></li> <li>The household equivalent of \$46.60 assuming two consumption units and one earner is \$93.20/month.</li> </ul>	<u>WB 2011 ICP</u>	<b>\$93.20</b>
	<ul style="list-style-type: none"> <li>The household equivalent of \$46.60 assuming three consumption units and one earner is \$139.80/month.</li> </ul>		<b>\$139.80</b>
<b>Living Wage estimate</b>  <b>Living Wage estimated by Equipo de Investigaciones Laborales SV (3.73-member family)</b>	<ul style="list-style-type: none"> <li>Following the study "Towards a living wage in the maquila sector in Central America" conducted initially in 2013 by the Maquila Solidarity Network and four civil society organizations in Central America, the local CSO Equipo de Investigaciones Laborales SV estimated a living wage value based on value of the Canasta de Mercado (CM), or Market Basket, which includes a group of food items, goods and services that help a typical Salvadoran family to cover their basic needs. The CM includes 196 goods and 42 services that are representatives of the monthly consumption patterns of an average Salvadoran family of 3.73 members. The goods and services that comprised the CM are related to health, food, housing, cloth, education, transportation, and recreation.</li> <li>The estimated living wage is based on the October 2015 CM, which was \$590.49, plus a 10 percent for savings, which in total makes \$649.53.</li> <li>This living wage does not include the cost of childcare.</li> </ul>	Equipo de Investigaciones Laborales SV	<b>\$649.53</b>

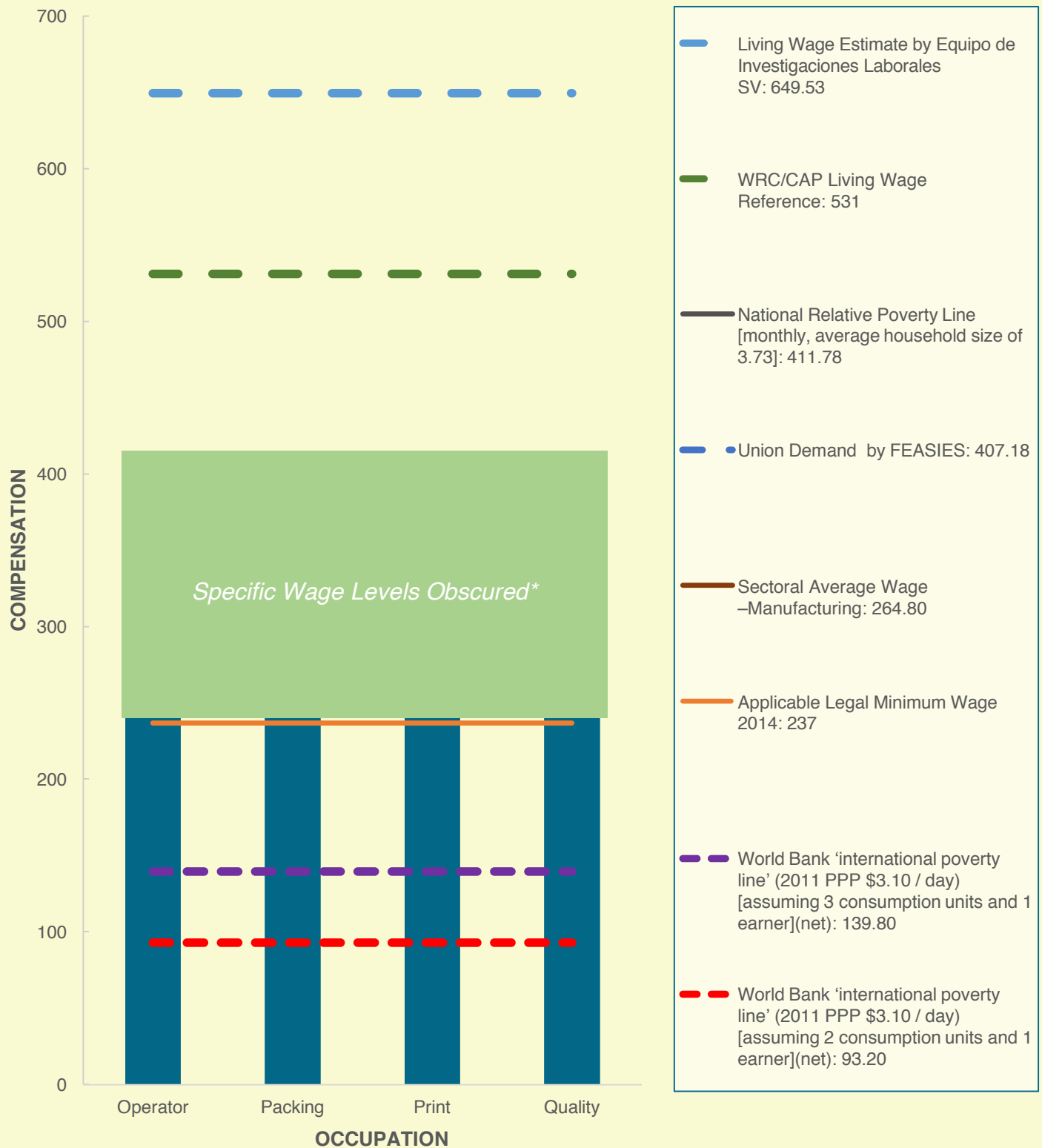
# EL SALVADOR

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (US\$)
<p><b>Living Wage estimate</b></p> <p><b>Worker Rights Consortium/ CAP (1 adult, 2 children, and 1 earner)</b></p>	<ul style="list-style-type: none"> <li>The figure comes from a paper prepared for the Center for American Progress (CAP) by the Worker Rights Consortium (WRC). Living wage figure for Dominican Republic for 2011 was DOP 21,236.96 (based on the 2008 WRC living-wage figure and adjusted using consumer-price-inflation from the World Bank, see p.16 and Table 2 on p.18 of the report). The WRC assumed that the average worker has a family of four, and that one of the family members represents an additional wage earner whose income covers one-quarter of a family's expenses. The living wage for a full-time worker is based on the amount that is sufficient to cover the expenditures of three of the four family members—one adult and two school-age children.</li> <li>Figure of 518.60 for El Salvador (2011) was extrapolated from Dominican Republic 21,236.96 DOP/household/month (2011) using PPP\$ conversion factors and adjusting for CPI inflation (see p.16 and Table 2 on p.18 of the report).</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 531</li> </ul>	<p><u>Worker Rights Consortium/ CAP</u></p>	<p><b>\$531</b></p>
<p><b>Union Demand</b></p> <p><b>Minimum Wage Proposal presented to the Government</b></p>	<ul style="list-style-type: none"> <li>Local CSO Fundación de Estudios para la Aplicación del Derecho (FESPAD) proposes a legal minimum wage of \$300.00 per month or \$10.00 daily; without distinction of urban or rural areas, or economic sector.</li> </ul>	<p><u>Fundación de Estudios para la Aplicación del Derecho (FESPAD)</u></p>	<p><b>\$300.00</b></p>
<p><b>Union Demand</b></p> <p><b>Minimum Wage Proposal presented to the Government</b></p>	<ul style="list-style-type: none"> <li>Estimation is based on the June 2015 CBA, which was \$203.59. These organizations consider that the legal minimum wage should be twice this value; hence, they proposed a salary of \$407.18 for 2016.</li> </ul>	<p>Local CSO network CEDM, including the union federation (FEASIES)</p>	<p><b>\$407.18</b></p>

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## EL SALVADOR *Currency: US Dollar (USD)*



\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

# GUATEMALA

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (GTQ)
<b>Legal Minimum Wage for Apparel Sector</b>	<ul style="list-style-type: none"> <li>2,450 Guatemalan Quetzals (GTQ) per month is the legal minimum wage for apparel sector in 2015. The applicable LMW for 2014 was 2,346. (Valid from January 1, 2014 to December 31, 2014).</li> </ul>		<b>2,450.95</b>
<b>Industry/sector wage comparator</b>  <b>Average wage-Urban area</b>	<ul style="list-style-type: none"> <li>GTQ 2773: Garment factories are often located on the outskirts of cities so the average wage for 'urban areas' was selected. Value provided is from the second quarter of 2014.</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 2853.48</li> </ul>	<a href="#">Instituto Nacional de Estadística Guatemala</a>	<b>2,853.48</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (GTQ)
<b>National Poverty Lines (5.38 family members)</b>	<ul style="list-style-type: none"> <li>The Canasta Básica Vital ('extended basket') has historically been used in national statistics to represent 'relative poverty.'</li> <li>The CBV includes, in addition to the Canasta Básica Alimentaria (CBA, 'basic food basket'), basic services such as water, electricity, clothing, housing, health, transportation, recreation, and education. It is calculated based on an average family of 5.38 members: GTQ 6,460.95 family/month (November 2015)</li> </ul>	<a href="#">INE 2015</a>	<b>6,460.95</b>
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at Purchasing Power Parity (PPP)\$3.10/day. There is also PPP \$1.90 (in 2011 \$PPP) per day per person represents the international 'extreme poverty line' for extremely poor countries</li> <li>The 2011 PPP conversion factor for Guatemala in 2014 is 3.80 (GTQ).</li> <li>The \$3.10 equivalent is <math>(3.80 * 3.10) = \text{GTQ } 11.78</math></li> <li>On a monthly basis, this is <math>(11.78 * (365/12)) = \text{GTQ } 358.31</math></li> <li>Adjusted for inflation, this amount becomes <math>[120.12 \text{ (CPI 2015)}/116.73 \text{ (CPI 2014)} * 358.31] = \text{GTQ } 368.71/\text{person/month}</math></li> <li>The household equivalent of GTQ 368.71, assuming two consumption units and one earner is GTQ 739.37 <math>(2/1 * \text{GTQ } 368.71)</math></li> </ul>	<a href="#">WB 2011 ICP</a>	<b>739.37</b>
	<ul style="list-style-type: none"> <li>The household equivalent of GTQ 368.71, assuming three consumption units and one earner is GTQ 1107.56 <math>(3/1 * \text{GTQ } 368.71)</math></li> </ul>		<b>1,107.56</b>

# GUATEMALA

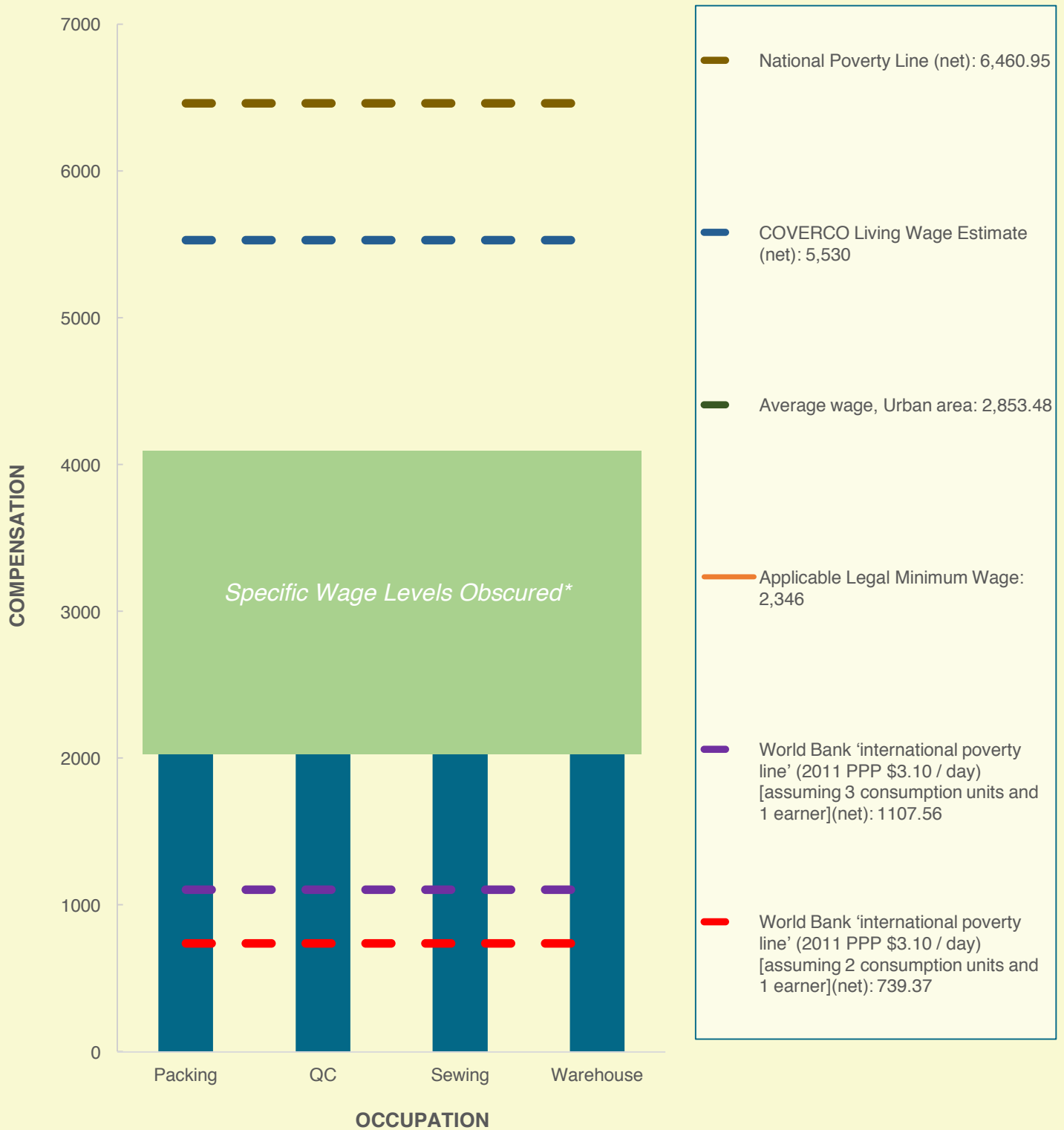
## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (GTQ)
<p><b>Living Wage Estimate</b></p> <p><b>Living wage reference in the maquila sector by the Comision para la Verificacion de los Códigos de Conducta (COVERCO) (5.38-member family)</b></p>	<ul style="list-style-type: none"> <li>• Following the study “Towards a living wage in the maquila sector in Central America” conducted initially in 2013 by the Maquila Solidarity Network and four other organizations working in Central America, COVERCO published an update in 2014, which estimated GTQ 5,374.27 as a living wage.</li> <li>• The estimate was based on a family size of 5.38 members.</li> <li>• The methodology is based on comparing the cost of the “Canasta Básica Vital” or “Canasta Ampliada” (‘extended basket’) with the maquila sector minimum wage</li> <li>• Adjusted for inflation using IMF WEO CPI (to 2015 value): 5,530</li> </ul>	<u>COVERCO</u>	<b>5,530</b>



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## GUATEMALA *Currency: Quetzal (GTQ)*



\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

# HONDURAS

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (HNL)
<p><b>Legal Minimum Wage (for garment exporting)</b></p> <p><b>National Minimum Wage</b></p>	<ul style="list-style-type: none"> <li>5,730.45 Honduran lempira (HNL) is the applicable legal minimum wage for 2015 (from January 1, 2015 to December 31, 2015)</li> </ul>	<u>STPS 2015</u>	<b>5,730.45</b>
<p><b>Industry/sector Wage Comparator</b></p> <p><b>National average wage from all twelve different sectors</b></p>	<ul style="list-style-type: none"> <li>The national average wage is calculated from 12 different minimum wages, in different economic sectors. For 2015, the national average is HNL \$243.09/person/daily. This corresponds to HNL \$30.39/hour and HNL \$7,292.63/per month.</li> </ul>	<u>STPS 2015</u>	<b>7,292.63</b>
<p><b>Industry/sector Wage Comparator</b></p> <p><b>Average wage for manufacturing industry</b></p>	<ul style="list-style-type: none"> <li>Average monthly wage for manufacturing industry workers during 2014: 5074</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 5265.36</li> </ul>	<u>INE Honduras-EPHPM 2014</u>	<b>5265.36</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (HNL)
<p><b>National Poverty Lines (5 members family)</b></p>	<ul style="list-style-type: none"> <li>Canasta Basica (CB) represents the total cost of a basic basket of food items plus other school supplies, non-food elements and transportation services. It is mainly composed of food (such as dairy products, meat, fish, vegetable, fruits, basic grains, eggs, flours, pasta, sausages, sugar, bread, and others), as well as non-food items, such as transportation services, and school supplies.</li> <li>The total CB estimated by the Secretariat of Labor in January 2015 was HNL \$7,778.18/month, for a five-member family.</li> </ul>	<p><u>STPS 2015</u></p> <p><u>Secretaria de Desarrollo Economico</u></p>	<b>7,778.18</b>

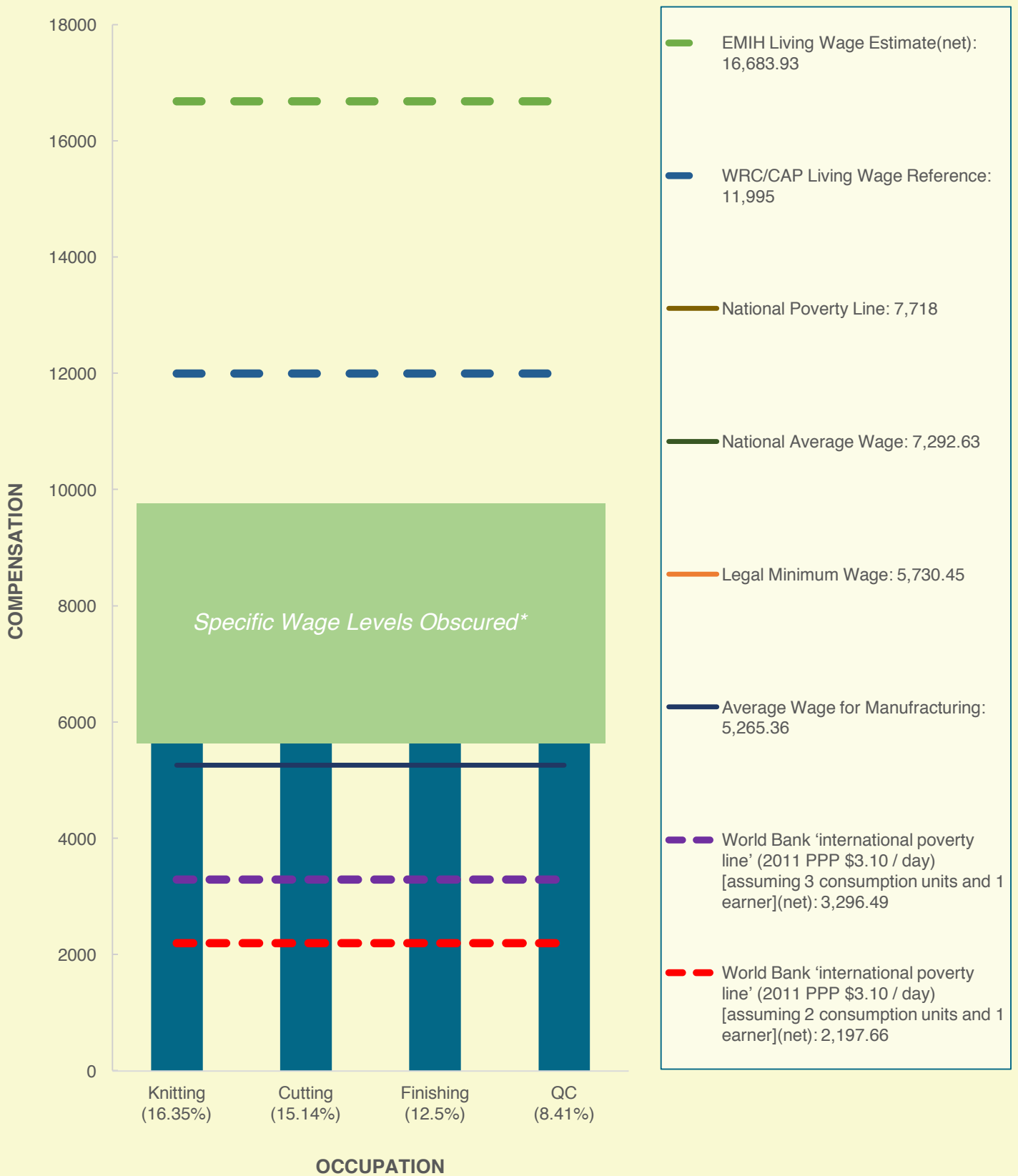
# HONDURAS

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (HNL)
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at PPP\$3.10/day.</li> <li>The \$3.10 equivalent is <math>(11.23 * 3.1) = \text{HNL } 34.81</math></li> <li>On a monthly basis, this is <math>(\text{HNL } 34.81 * (365/12)) = \text{HNL } 1058.90</math>.</li> <li>Adjusted for inflation, this amount is <math>[209.51 (286.44 (\text{CPI } 2015)/276.03 (\text{CPI } 2014)) * \text{HNL } 1058.90] \text{ HNL } 1098.83/\text{person/month}</math></li> <li>The household equivalent of HNL 1098.83, assuming two consumption units and one earner is HNL 2197.66/month.</li> </ul>	<u>WB 2011 ICP</u>	<b>2,197.66</b>
	<ul style="list-style-type: none"> <li>The household equivalent of HNL 1098.83, assuming three consumption units and one earner is HNL 3296.49/month.</li> </ul>		<b>3,296.49</b>
<b>Living Wage Estimate</b>  <b>EMIH (5-member family)</b>	<ul style="list-style-type: none"> <li>Following the study "Towards a living wage in the maquila sector in Central America" conducted initially in 2013 by the Maquila Solidarity Network, and four civil society organizations working in Central America, EMIH published an update in 2014, providing HNL 16,077.60 household/month as a living wage based on a household of five members.</li> <li>The methodology is based on comparing the cost of the "Canasta Básica Vital or Canasta Ampliada ('extended basket') with the maquila sector minimum wage</li> <li>Adjusted for inflation using IMF WEO ICP (to 2015 value): 16683.93/household/month.</li> </ul>	<u>Equipo de Monitoreo Independiente de Honduras (EMIH)</u>	<b>16,683.93</b>
<b>Living wage Estimate</b>  <b>Worker Rights Consortium/ CAP (1 adult, 2 children, and 1 earner)</b>	<ul style="list-style-type: none"> <li>The figure comes from a paper prepared for the Center for American Progress (CAP) by the Worker Rights Consortium (WRC). The living wage figure for Dominican Republic for 2011 was DOP 21,236.96 (based on the 2008 WRC living-wage figure and adjusted using consumer-price-inflation from the World Bank, see p.16 and Table 2 in p.18 of the report). The WRC assumed that the average worker has a family of four, and that one of the family members represents an additional wage earner whose income covers one-quarter of a family's expenses. The living wage for a full-time worker is based on the amount that is sufficient to cover the expenditures of three of the four family members—one adult and two school-age children.</li> <li>Figure of 9,845.25 HNL (2011) was extrapolated from Dominican Republic 21,236.96 DOP/household/ month (2011) using PPP\$ conversion factors and adjusting for CPI inflation (see p.16 and Table 2 on p.18 of the report).</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 11,995</li> </ul>	<u>Worker Rights Consortium/ CAP</u>	<b>11,995</b>

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## HONDURAS (1) *Currency: Lempira (HNL)*



Basic Contracted Wage

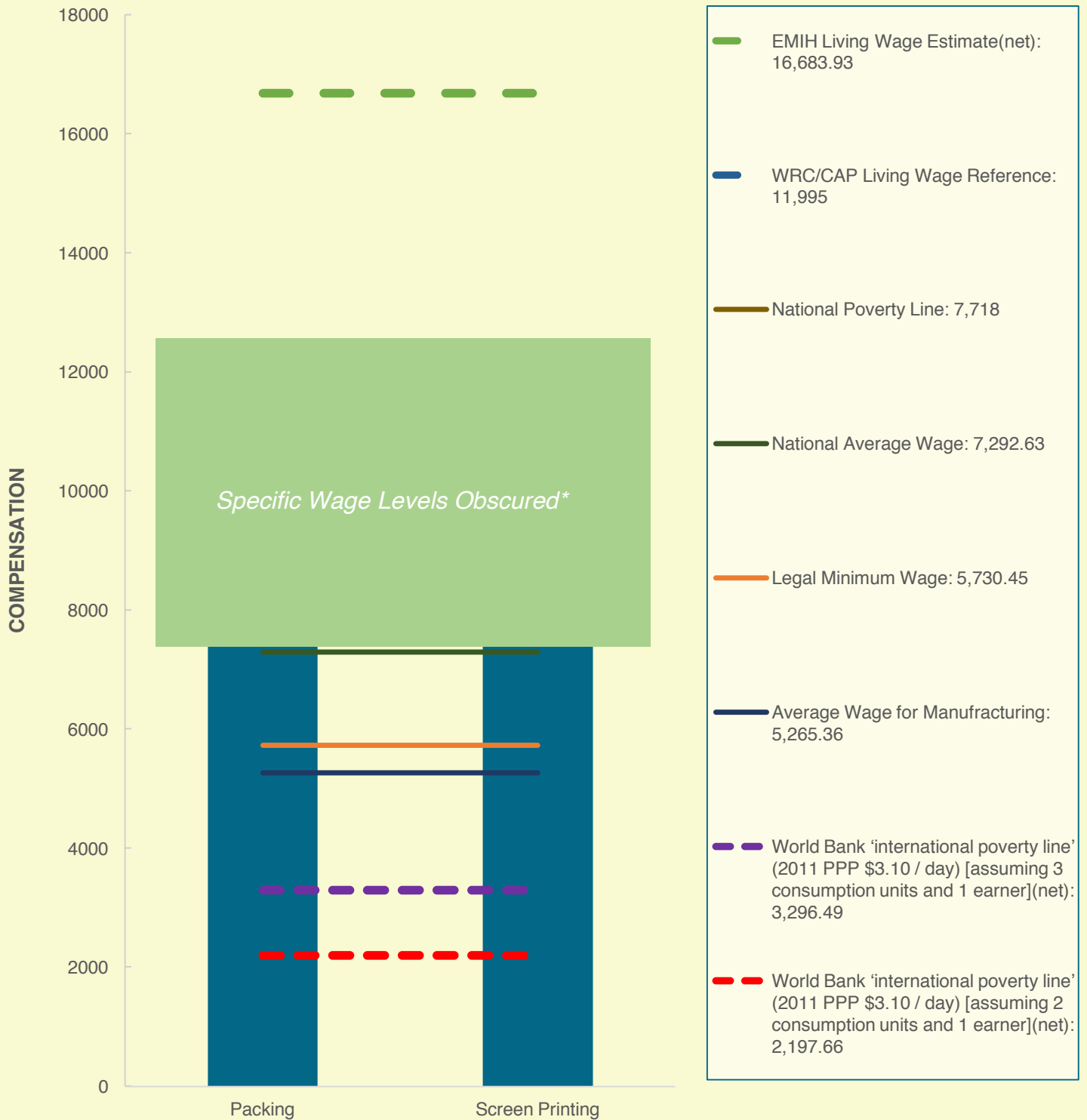
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## HONDURAS (2) *Currency: Lempira (HNL)*



Basic Contracted Wage

Cash Benefit

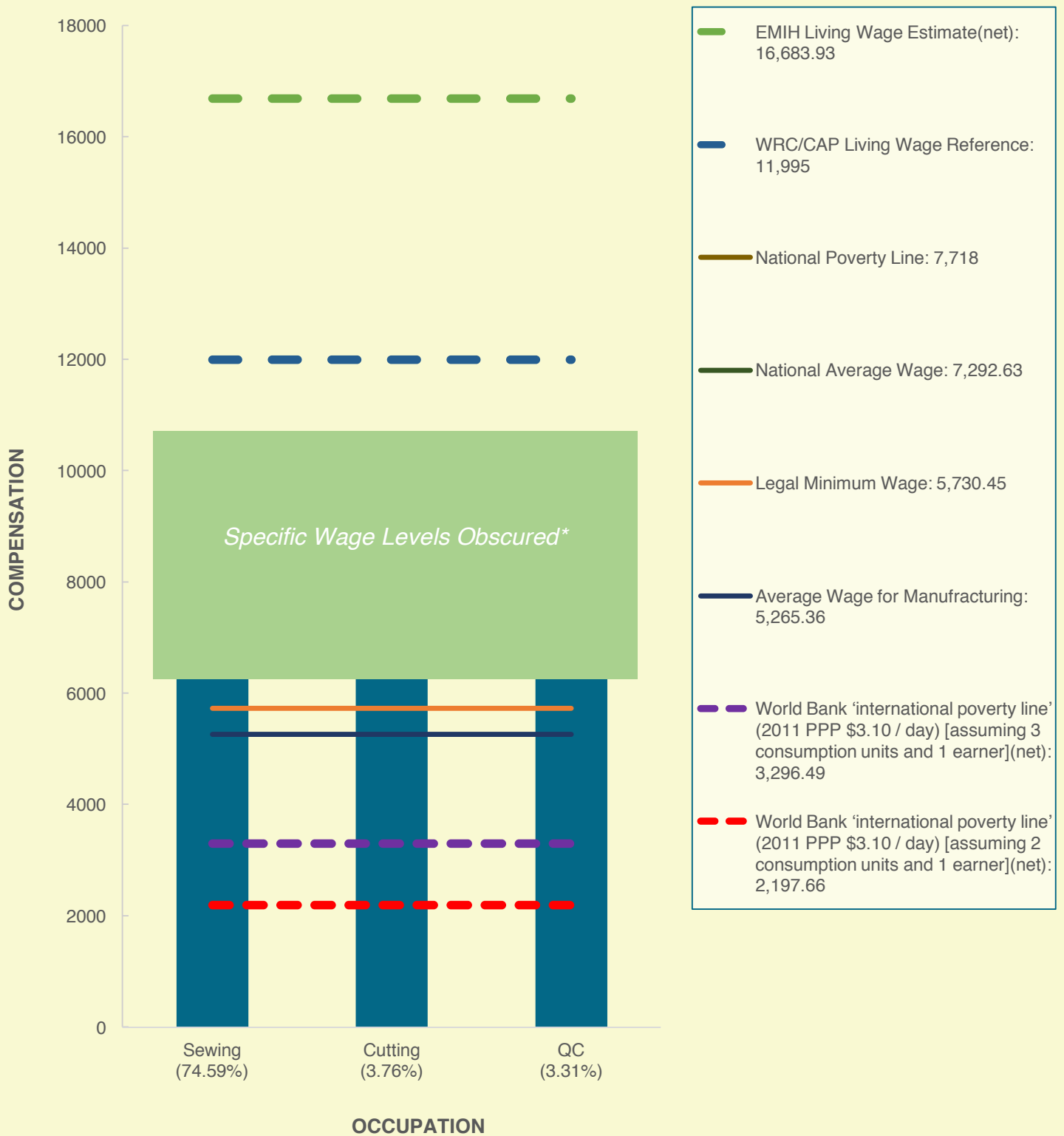
In-Kind Benefit

Incentives

\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## HONDURAS (3) *Currency: Lempira (HNL)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES		SOURCE	MONTHLY VALUE (INR)
Legal Minimum Wage	REGION	APPLICABLE LEGAL MINIMUM WAGE	Government of India	
	Haryana (Gurgaon)	<ul style="list-style-type: none"> <li>Unskilled (helpers, sweepers, etc.): Indian Rupee (INR) 5812.56 (January and June 2015); 5886.67 (September 2015)</li> <li>Semi-skilled (tailors, checkers, ironers, etc.): 5942.56 (January and June 2015); 6017.67 (September 2015)</li> <li>Skilled (tailors, final checkers, etc.): 6202.56 (January and June 2015); 6276.67 (September 2015)</li> <li>Highly Skilled (master tailors, sample makers, etc.): 6462.56 (January and June 2015); 6536.67 (September 2015)</li> </ul>		<b>5,812.56–6,462.56</b>
	Tamil Nadu (Zone C)	<ul style="list-style-type: none"> <li>Unskilled: INR 7142 (February 2015); 7299 (July and November 2015)</li> <li>Semi-skilled: 7248 (February 2015); 7405 (July and November 2015)</li> <li>Skilled: 7525 (February 2015); 7682 (July and November 2015)</li> <li>Highly Skilled: 7653 (February 2015); 7810 (July and November 2015)</li> <li>Two assessed factories received a special waiver from the local government, thus a different set of legal minimum wages for 2015 applies: INR180 per day for unskilled and INR 185 per day for semi-skilled and skilled workers.</li> <li>Monthly figures for the applicable legal minimum wages: The average paid days/month = <math>(365 - 52 * 1)/12 = 26.08</math> days, so the legal minimum wages were: 4694.4 (unskilled) and 4,824.8 (semi-skilled and skilled)</li> </ul>		<b>7,142–7,630</b> <b>4,694.4–4,824.8</b> <b>(due to the waiver)</b>
Tamil Nadu (Chennai)	<ul style="list-style-type: none"> <li>Unskilled: 3906</li> <li>Highly skilled: 4476</li> </ul>	<b>3,906–4,476</b>		

# INDIA

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES		SOURCE	MONTHLY VALUE (INR)
<b>Legal Minimum Wage</b>	REGION	APPLICABLE LEGAL MINIMUM WAGE	Government of India	
	Silvassa	<ul style="list-style-type: none"> <li>Unskilled: 268.2/day; 6994.66</li> <li>Semi-skilled: 276.20/day; 7203.30/month</li> <li>Highly skilled: 284.20/day; 7411.94/month</li> </ul>		<b>6,994.66–7,411.94</b>
	Karnataka (Bangalore, Zone 1)	<ul style="list-style-type: none"> <li>Unskilled: INR 6566 (January 2015); 7076 (July and August 2015)</li> <li>Semi-skilled: 6800 (January 2015); 7310 (July and August 2015)</li> <li>Skilled: 6878 (January 2015); 7388 (July and August 2015)</li> <li>Highly Skilled: 7086 (January 2015); 7596 (July and August 2015)</li> </ul>		<b>6,566–7,086</b>
<b>Industry/sector Wage Comparator</b>  <b>Average monthly wages in garment sector in three different regions</b>	<p>Figures come from a study on the Indian ready-made garment industry conducted in garment clusters of Gurgaon (Haryana), Bangalore (Karnataka), and Tirupur (Tamil Nadu).</p> <p>BASIC MONTHLY WAGE FOR WORKERS IN THE FOLLOWING REGIONS:</p> <ul style="list-style-type: none"> <li>Gurgaon: semi-skilled, 5300; unskilled, 5200 INR/month</li> <li>Bangalore: semi-skilled, 5330; no unskilled wage available for this region.</li> <li>Tirupur: semi-skilled, 6760; no unskilled wage available for this region.</li> </ul> <p>ADJUSTED TO INFLATION USING IMF WEO CPI (TO 2015 VALUE):</p> <ul style="list-style-type: none"> <li>Gurgaon: semi-skilled, 5916, unskilled; 5804 INR/month</li> <li>Bangalore: semi-skilled, 5949.53; no unskilled wage available for this region.</li> <li>Tirupur: semi-skilled, 7545.75; no unskilled wage available for this region.</li> </ul>		<p><u>Society for Labour and Development/Asia Floor Wage Alliance-“Wage structures in the Indian garment industry”</u></p>	<p><b>Gurgaon (Haryana): semi-skilled (e.g., ironer) 5916, unskilled (e.g., helper) 5804 INR/month;</b></p> <p><b>Bangalore (Karnataka): semi-skilled (e.g., ironer) 5949.53;</b></p> <p><b>Tirupur (Tamil Nadu): semi-skilled (e.g., stitcher) 7545.75</b></p>



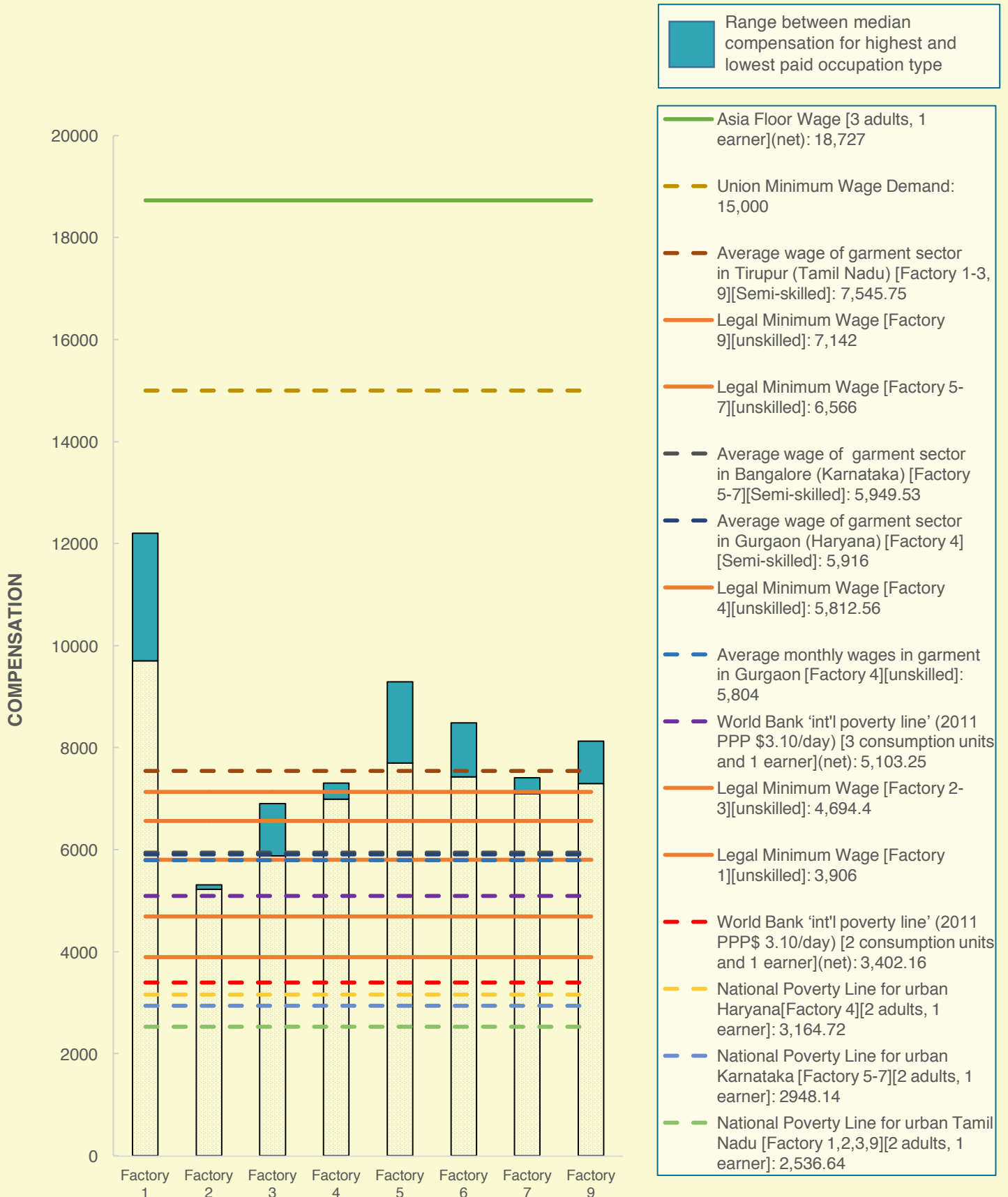
# INDIA

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (INR)
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at Purchasing Power Parity (PPP) \$3.10/day.</li> <li>The 2011 PPP conversion factor for India in 2014 is 17.12</li> <li>The \$3.10 equivalent is <math>(17.12 * 3.1) = \text{INR } 53.07</math></li> <li>On a monthly basis, this is <math>(\text{INR } 53.07 * (365/12)) = \text{INR } 1,614.27</math>.</li> <li>Adjusted for inflation using IMF WEO CPI, this amount is <math>[\text{260.11 (CPI 2015)/246.84 (CPI 2014)} * \text{INR } 1,614.27] \text{ INR } 1,701.08/\text{person/month}</math></li> <li>The household equivalent of INR 1,701.08, assuming two consumption units and one earner is INR 3,402.16/month.</li> </ul>	<u>WB 2011 ICP</u>	<b>3,402.16</b>
	<ul style="list-style-type: none"> <li>The household equivalent of INR 1,701.08, assuming three consumption units and one earner is 5,103.25/month.</li> </ul>		<b>5,103.25</b>
<b>National Poverty Line (2 adults, 1 earner)</b>	<ul style="list-style-type: none"> <li>The Planning Commission of Government of India periodically estimates poverty lines and poverty ratios for each of the years for which large sample surveys on household consumer expenditure have been conducted by the National Sample Survey Office of the Ministry of Statistics and Programme Implementation.</li> <li>Poverty Estimates for 2011-12 were published in July 2013. State-specific poverty lines are: 1089 (urban) for Karnataka, 1169 (urban) for Haryana, and 937 (urban) for Tamil Nadu.</li> <li>Adjusted for inflation using IMF WEO CPI (from 2011 to 2015 value): 1474.07 (urban) for Karnataka, 1582.36 (urban) for Haryana, and 1268.32 (urban) for Tamil Nadu.</li> <li>Monthly, household equivalent (assuming two consumption units and one earner): 2948.14 (urban) for Karnataka, 3164.72 (urban) for Haryana, and 2536.64 (urban) for Tamil Nadu.</li> </ul>	<u>Planning Commission of India 2013</u>	<b>Karnataka (urban): 2948.14</b>  <b>Haryana (urban): 3164.72</b>  <b>Tamil Nadu (urban): 2536.64</b>
<b>Living Wage Estimate</b>  <b>Asia Floor Wage (3 adults, 1 earner)</b>	<ul style="list-style-type: none"> <li>Asia Floor Wage Alliance (latest revision found from 2015—1021PPP\$) provides a standard PPP\$-based estimate for East and Southeast Asian countries applicable to manufacturing industries (based on a 3000 kcal diet for a 3 adult-equivalent household with a single earner.)</li> <li>Food basket research was done in Cambodia, India, Indonesia, and Sri Lanka to obtain the country Asia Floor Wage figures. For other Asian countries where food basket research was not conducted, the figures were extrapolated.</li> </ul>	<u>AFW 2015</u>	<b>18,727</b>
<b>Union Demands</b>  <b>Minimum wage demand</b>	<ul style="list-style-type: none"> <li>The trade unions and various other federations that represent 150 million workers demanded Rs.15,000 per month as a national level floor wage.</li> </ul>	<u>10 central trade unions</u>	<b>15,000</b>

# COMPENSATION COMPARISON ACROSS FACTORIES

**INDIA** Currency: Rupee (INR)



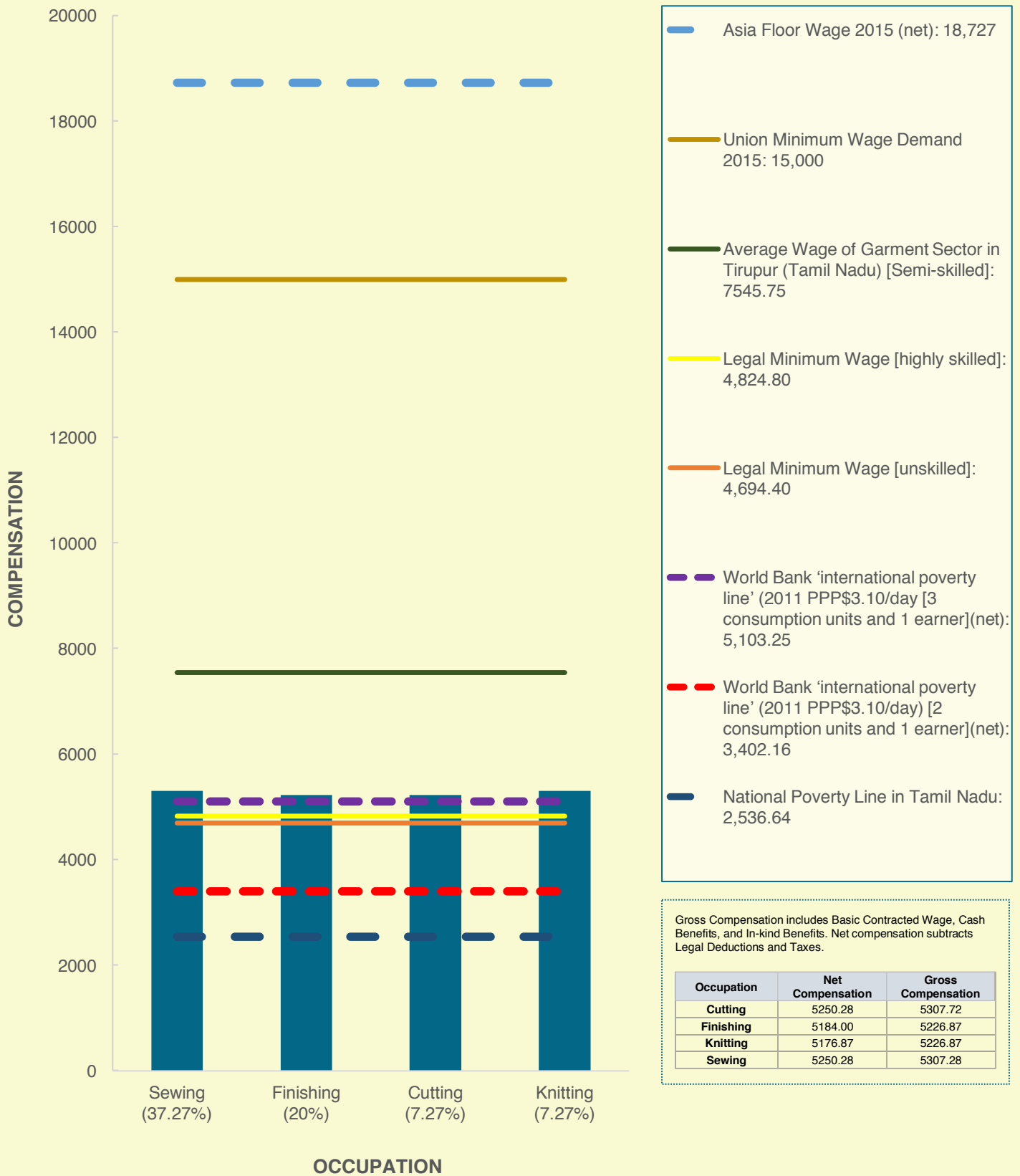
# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## INDIA (1) *Currency: Rupee (INR)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## INDIA (2) *Currency: Rupee (INR)*



Basic Contracted Wage

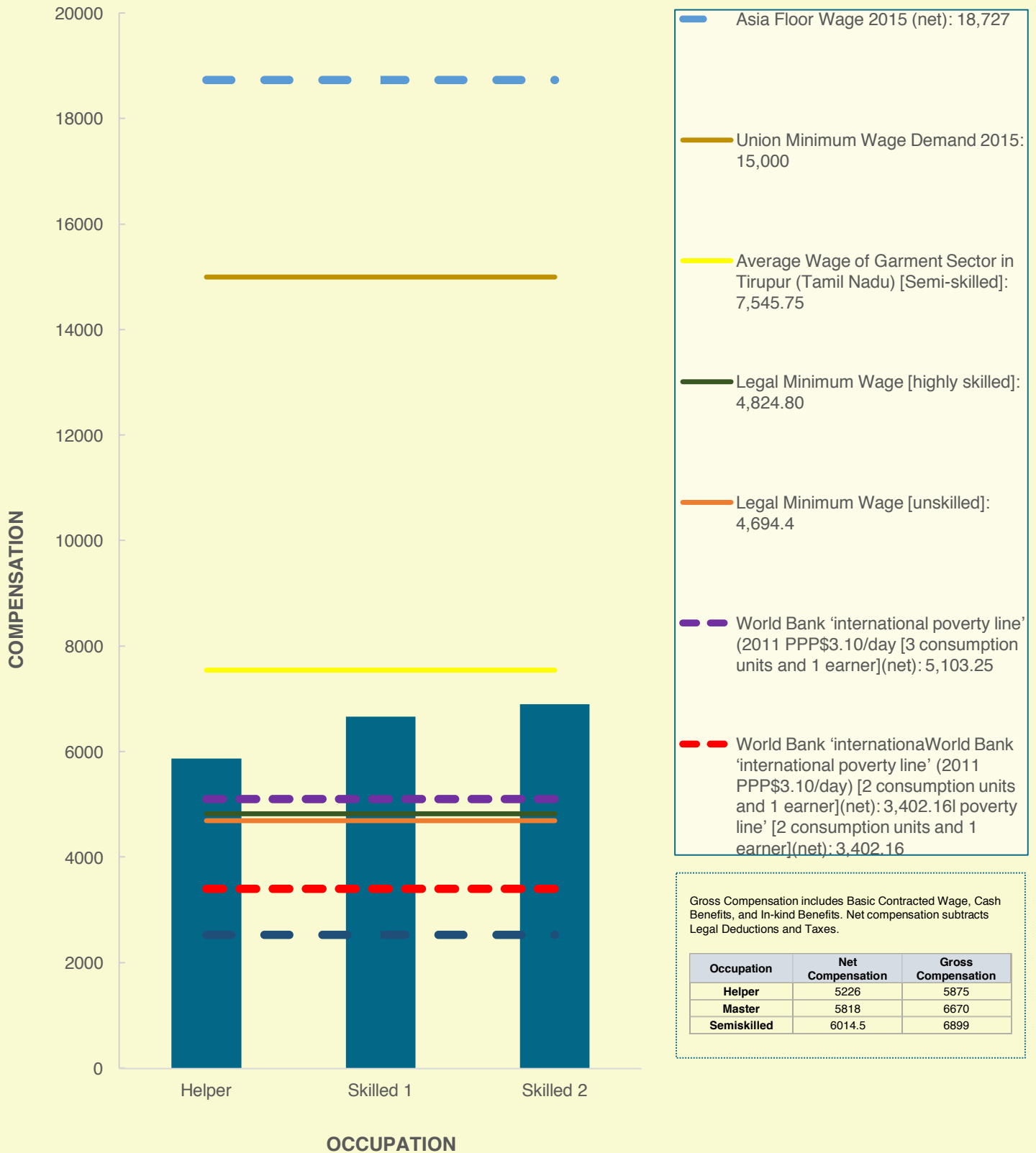
Cash Benefit

In-Kind Benefit

Incentives

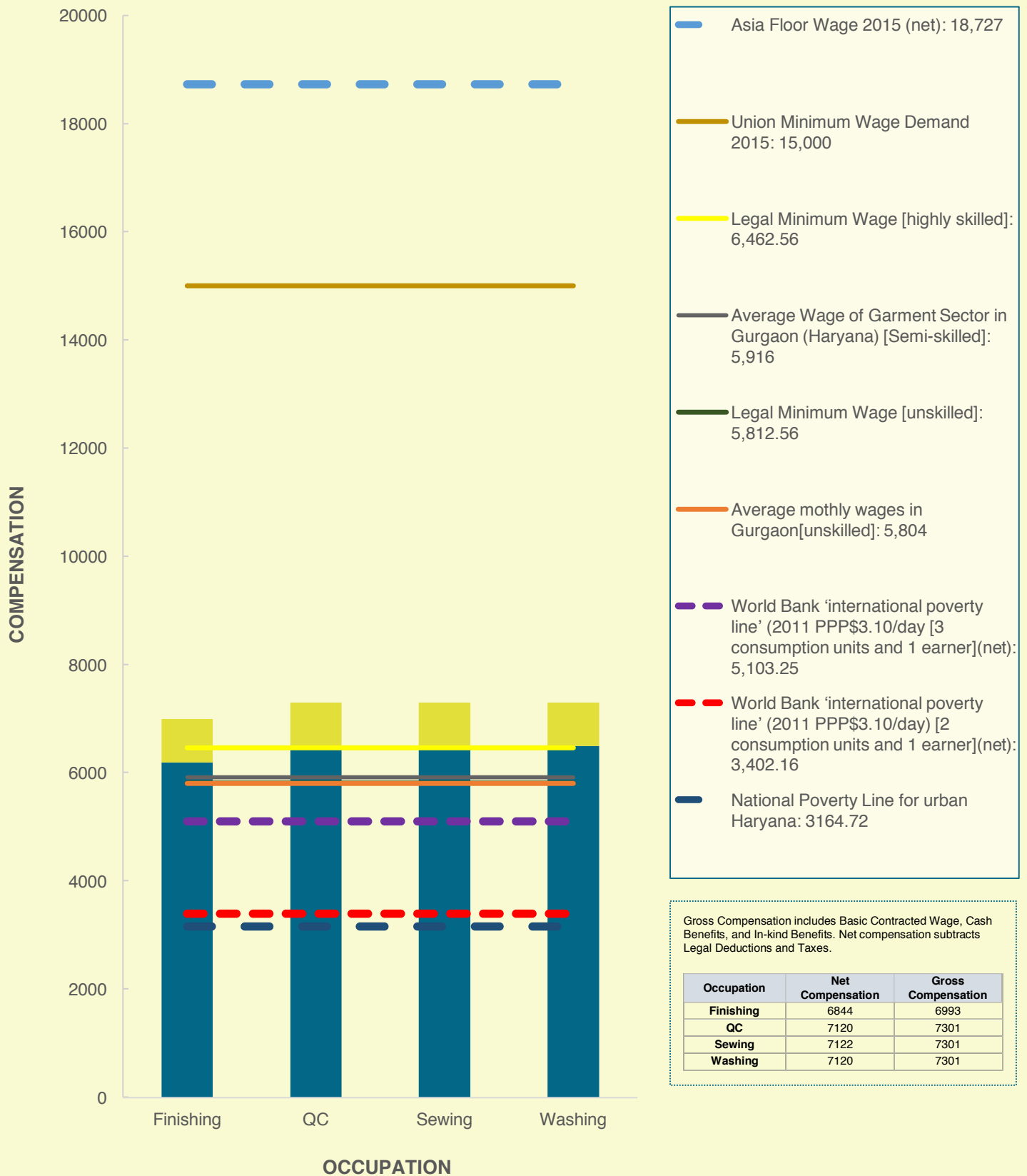
# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## INDIA (3) *Currency: Rupee (INR)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## INDIA (4) *Currency: Rupee (INR)*



Basic Contracted Wage

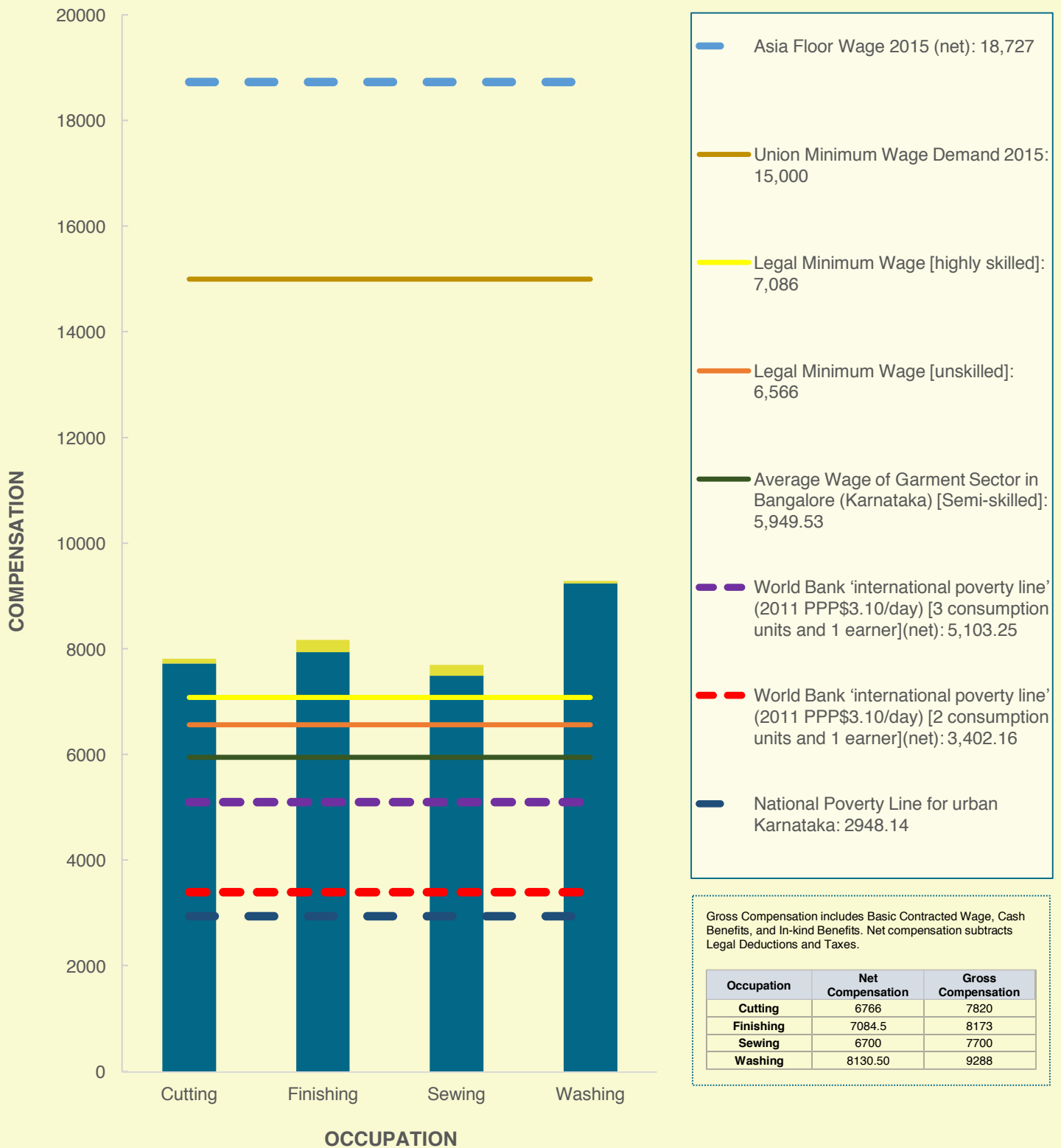
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## INDIA (5) *Currency: Rupee (INR)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

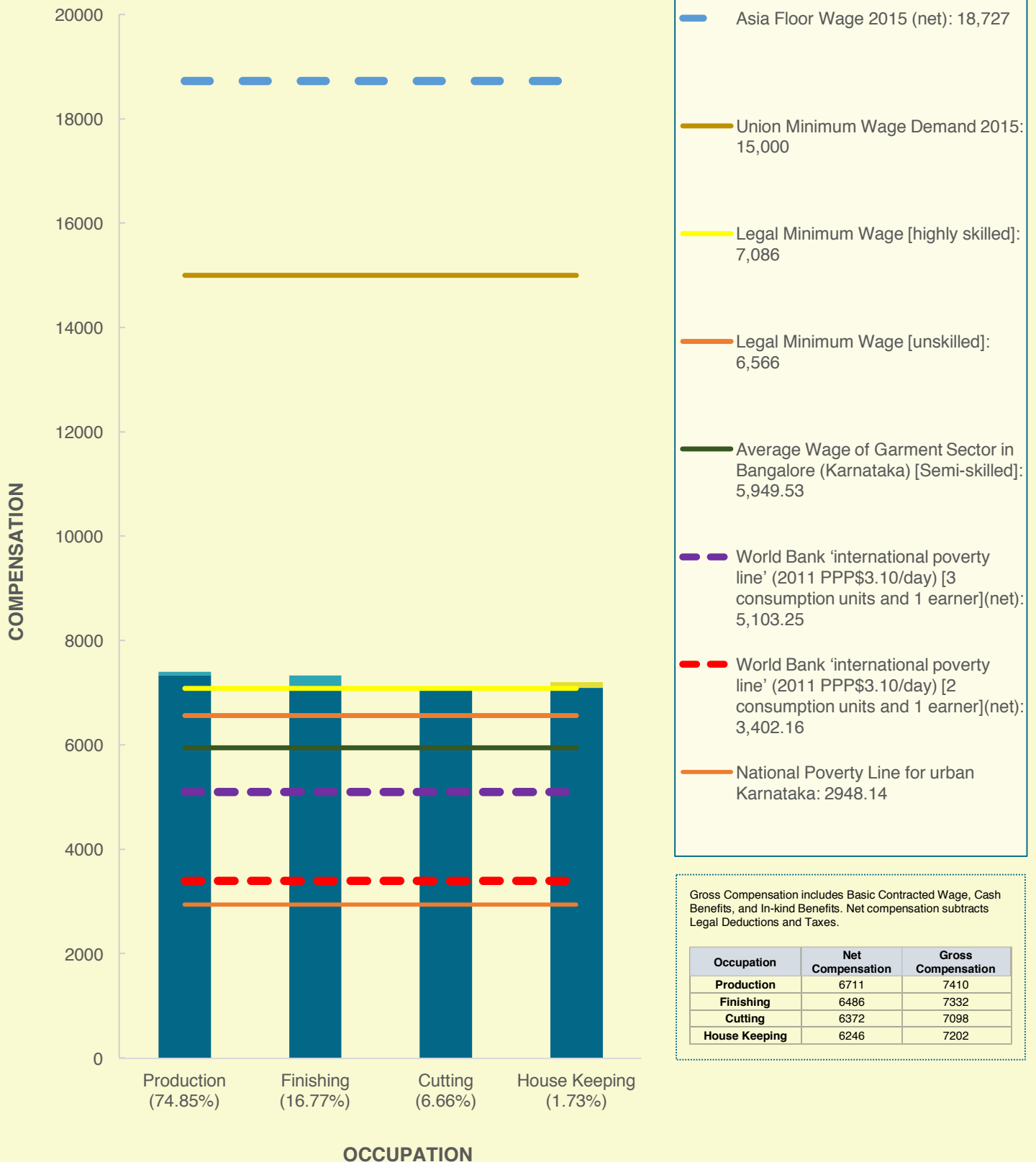
## INDIA (6) *Currency: Rupee (INR)*





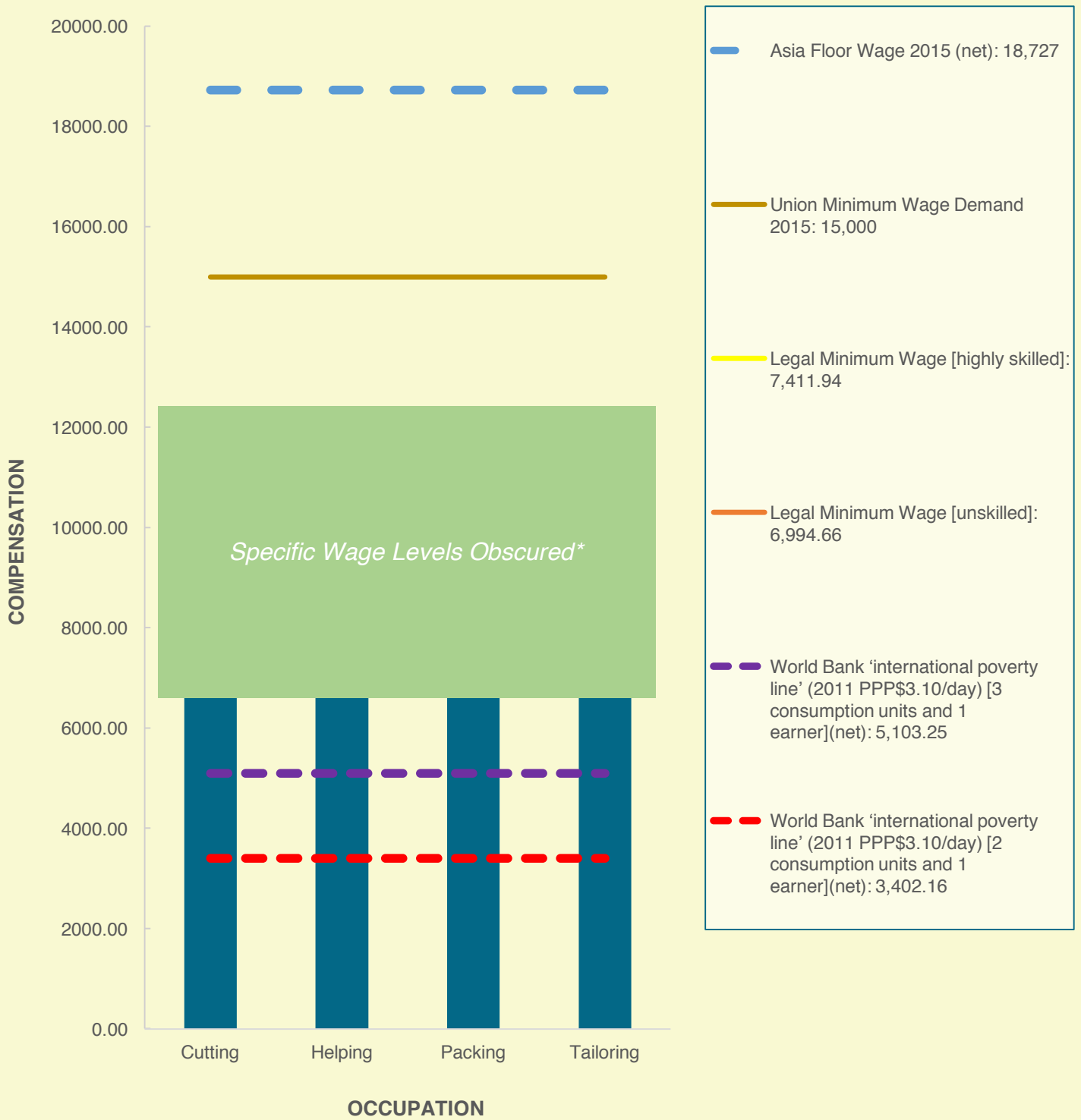
# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## INDIA (7) *Currency: Rupee (INR)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## INDIA (8) *Currency: Rupee (INR)*



\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## INDIA (9) *Currency: Rupee (INR)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# INDONESIA

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (IDR)
<b>Legal Minimum Wage</b>	Semarang		<b>1,685,000</b>
	North Jakarta (Jakarta City)		<b>2,700,000</b>
	Tangerang city (garment sector), Banten		<b>3,003,000</b>
	Purwakarta		<b>2,600,000</b>
<b>Industry/ sector Wage Comparator</b>  <b>BPS Average Monthly Wages (Garment)</b>	<ul style="list-style-type: none"> <li>2,230,900 Indonesian Rupiah (IDR) is the monthly nominal average wage of production workers below supervisory level in the garment sector for December 2014.</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 2382860.83</li> </ul>	<u>BPS</u> ( <u>Statistics Agency</u> )	<b>2,382,860.83</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (IDR)
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/ day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at PPP\$3.10/day. PPP \$1.90 (in 2011 \$PPP) per day per person represents the international 'extreme poverty line' for extremely poor countries.</li> <li>The \$3.10 equivalent is <math>(3,939.56 * 3.1) = \text{IDR } 12,212.64</math></li> <li>On a monthly basis, this is <math>(\text{IDR } 12,212.64 * (365/12)) = \text{IDR } 371,467.68</math>.</li> <li>Adjusted for inflation, this amount is <math>[120.93 (\text{CPI } 2015)/113.22 (\text{CPI } 2014) * \text{IDR } 371,467.68] \text{ IDR } 396,770.71/\text{person/month}</math></li> <li>The household equivalent of <math>\text{IDR } 396,770.71</math>, assuming two consumption units and one earner is <math>\text{IDR } 793,541.42/\text{month}</math>.</li> </ul>	<u>WB 2011</u> <u>ICP</u>	<b>793,541.42</b>
	<ul style="list-style-type: none"> <li>The household equivalent of <math>\text{IDR } 396,770.71</math>, assuming three consumption units and one earner is <math>\text{IDR } 1,190,312.13/\text{month}</math>.</li> </ul>		<b>1,190,312.13</b>
<b>National Poverty Line (2 adults, 1 earner)</b>	<ul style="list-style-type: none"> <li><math>\text{IDR } 344,809.00</math> is the 2015 figure, including food to reach 2,100 calories per day, as well as costs associated non-food goods, including housing, clothing, education, and health care.</li> <li>Value based on two adult equivalent consumption units: <math>\text{IDR } 689,618</math></li> </ul>	<u>BPS</u> ( <u>Statistics Agency</u> )	<b>689,618</b>

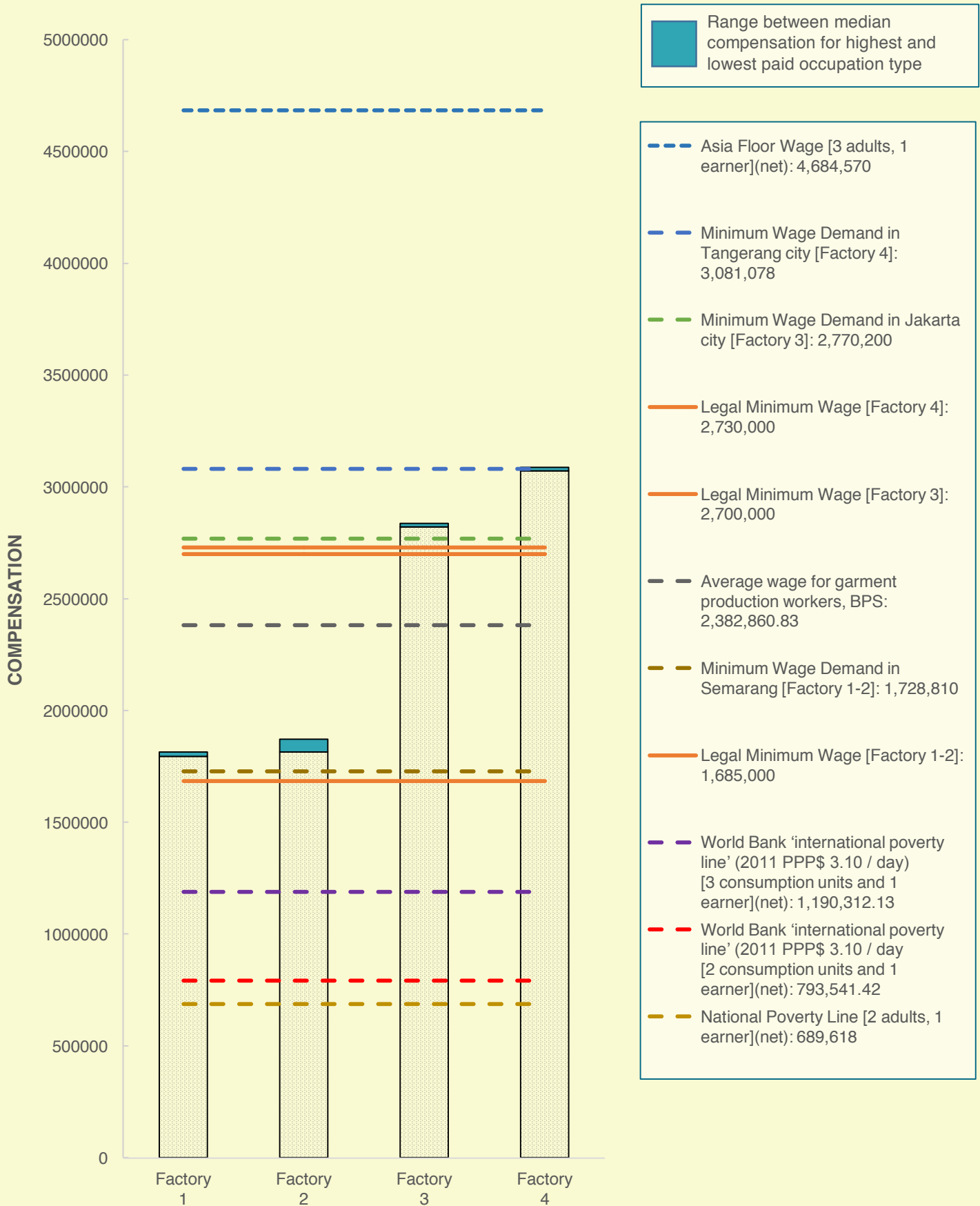
# INDONESIA

## INCOME AND POVERTY BENCHMARKS

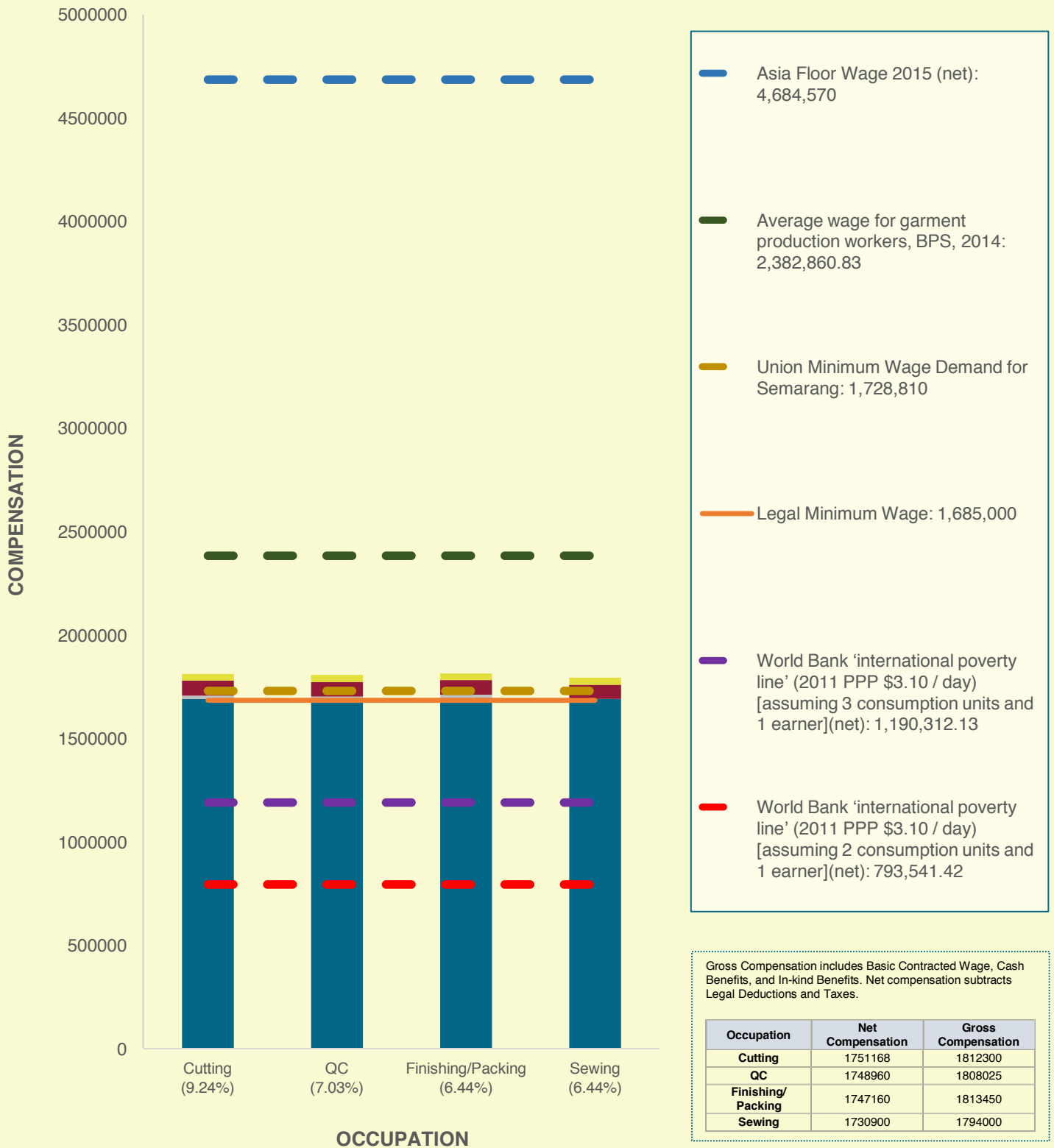
BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (IDR)
<p><b>Living Wage Estimate</b></p> <p><b>Asia Floor Wage (3 adults, 1 earner)</b></p>	<ul style="list-style-type: none"> <li>Asia Floor Wage Alliance (latest revision found from 2015—1021PPP\$)—A standard PPP\$-based estimate for East and Southeast Asian countries applicable to manufacturing industries (based on a 3,000-kcal diet for a three-adult-equivalent household with a single earner)</li> <li>Food basket research was done in Cambodia, India, Indonesia and Sri Lanka to obtain the country Asia Floor Wage figures. For other Asian countries where food basket research was not conducted, the figures were extrapolated.</li> </ul>	<u>AFW 2015</u>	<b>4,684,570</b>
<p><b>Union Demands</b></p> <p><b>Minimum wage demand</b></p>	<ul style="list-style-type: none"> <li>Massive mobilizations were recently organized by three Indonesian trade union centres: KSPI (FSPMI, Farkes, SPN, KEP, ISI), KSPSI (CEMWU) and KSBSI (Lomenik, FPE, Garteks).</li> <li>The unions asked for increasing the minimum wage by 2.6 percent and all wages for 2016 by IDR 500.000 (US\$36), while sectoral wages must be higher than the minimum wage.</li> </ul> <p>LOCAL LEGAL MINIMUM WAGES FOR 2015 ARE:</p> <ul style="list-style-type: none"> <li>Semarang: 1,685,000 IDR/month</li> <li>North Jakarta (Jakarta City): 2,700,000 IDR/month</li> <li>Tangerang city (garment sector), Banten: 3,003,000 IDR/month</li> <li>Purwakarta: 2,600,000 IDR/month</li> </ul> <p>VALUES FOR UNION DEMANDS ACCORDING TO GEOGRAPHICAL LOCATION AND THE APPLICABLE MINIMUM WAGE (THE LOCAL LEGAL MINIMUM WAGE * 1.026):</p> <ul style="list-style-type: none"> <li>Semarang: 1,728,810</li> <li>Jakarta city: 2,770,200</li> <li>Tangerang city (garment sector): 3,081,078</li> <li>Purwakarta: 2,667,600</li> </ul>	<u>10 central trade unions</u>	<p><b>1,728,810</b>  <b>(Union Demand of Increasing minimum wage by 2.6 percent for Semarang; 2,770,200 for Jarkata city; 3,081,078 Tangerang city (garment sector); 2,667,600 for Purwakarta; 2015)</b></p>

# COMPENSATION COMPARISON ACROSS FACTORIES

**INDONESIA** *Currency: Indonesian Rupiah (IDR)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS INDONESIA (1) *Currency: Indonesian rupiah (IDR)*



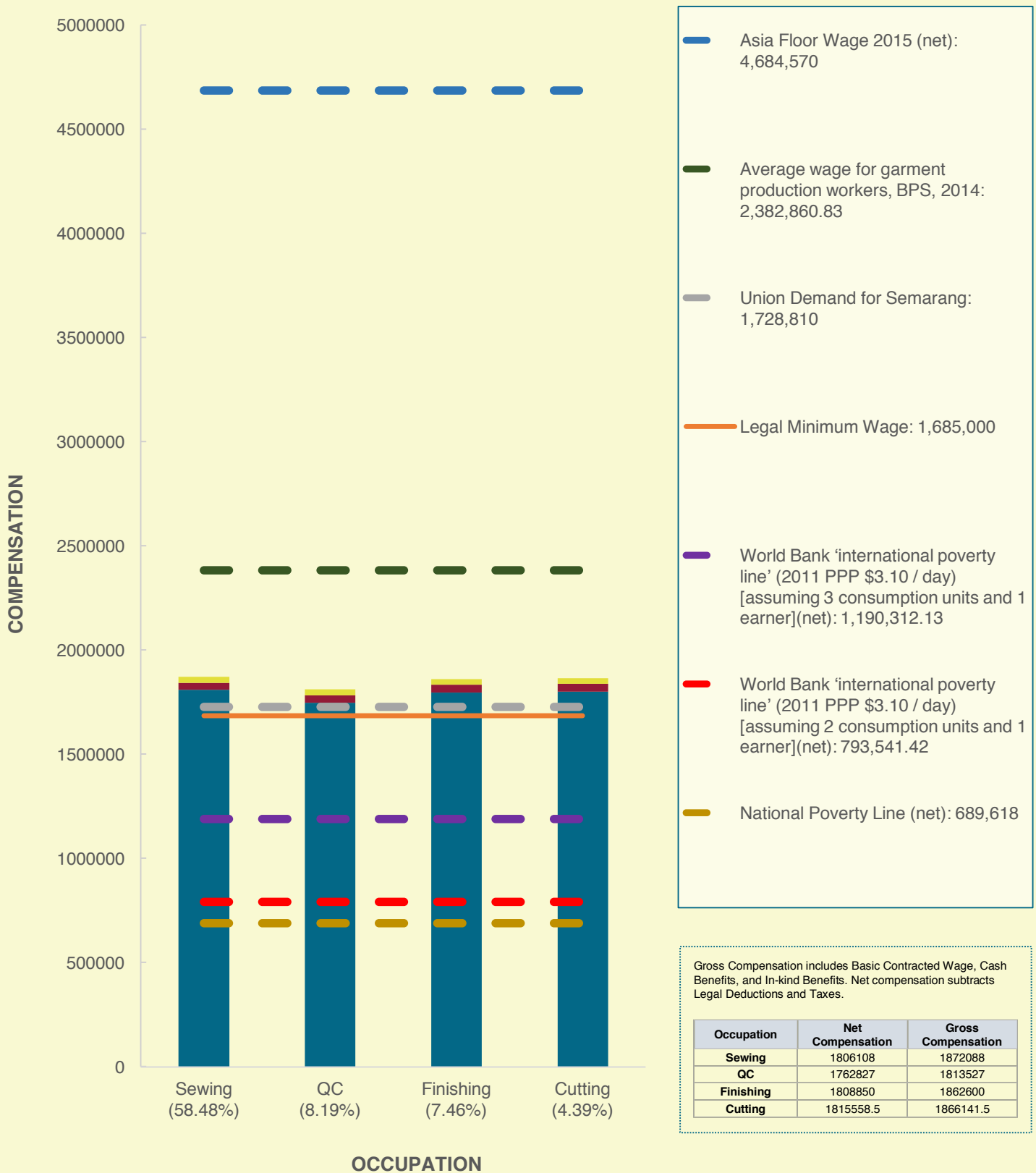
Basic Contracted Wage

Cash Benefit

In-Kind Benefit

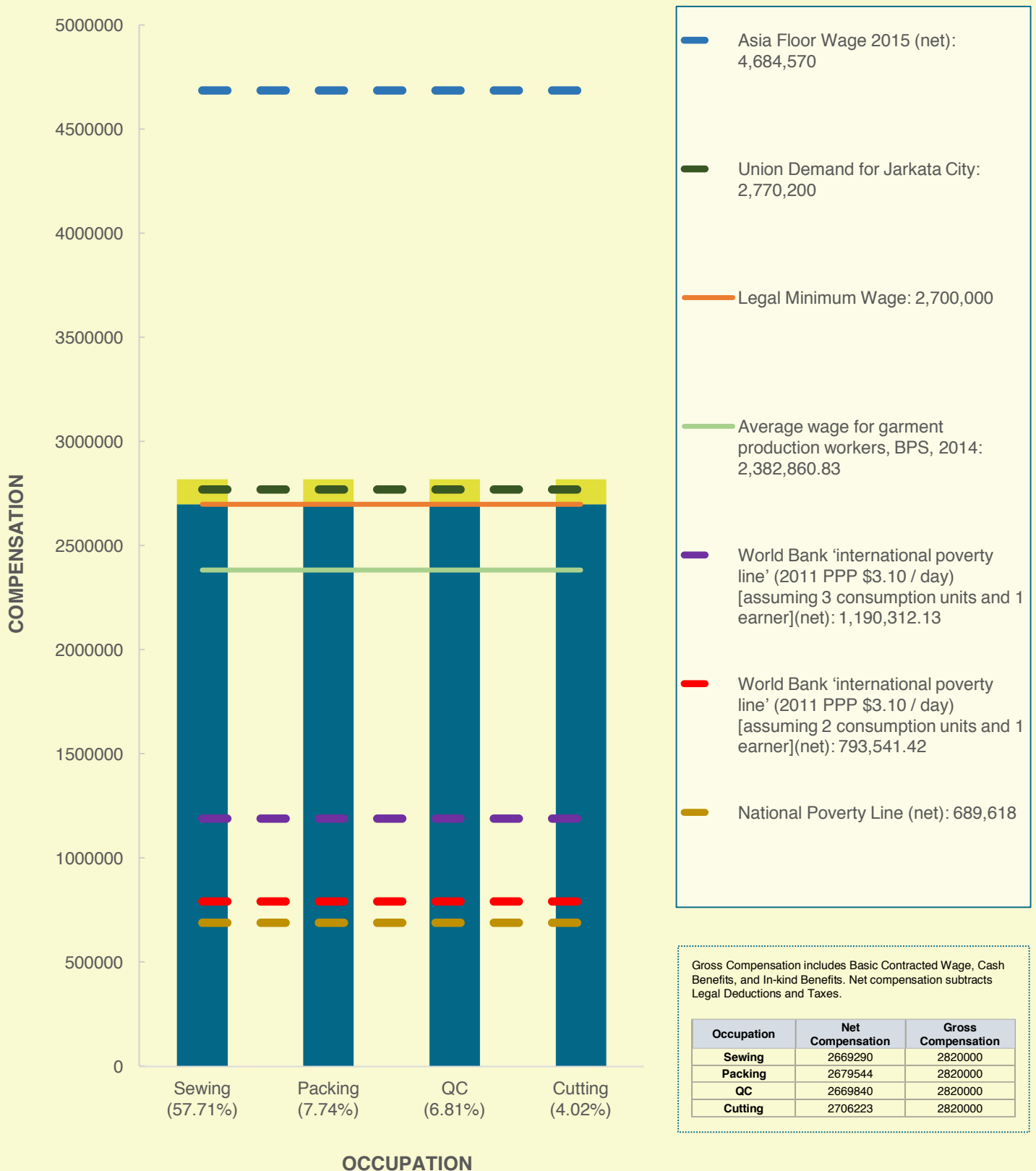
Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS INDONESIA (2) *Currency: Indonesian rupiah (IDR)*

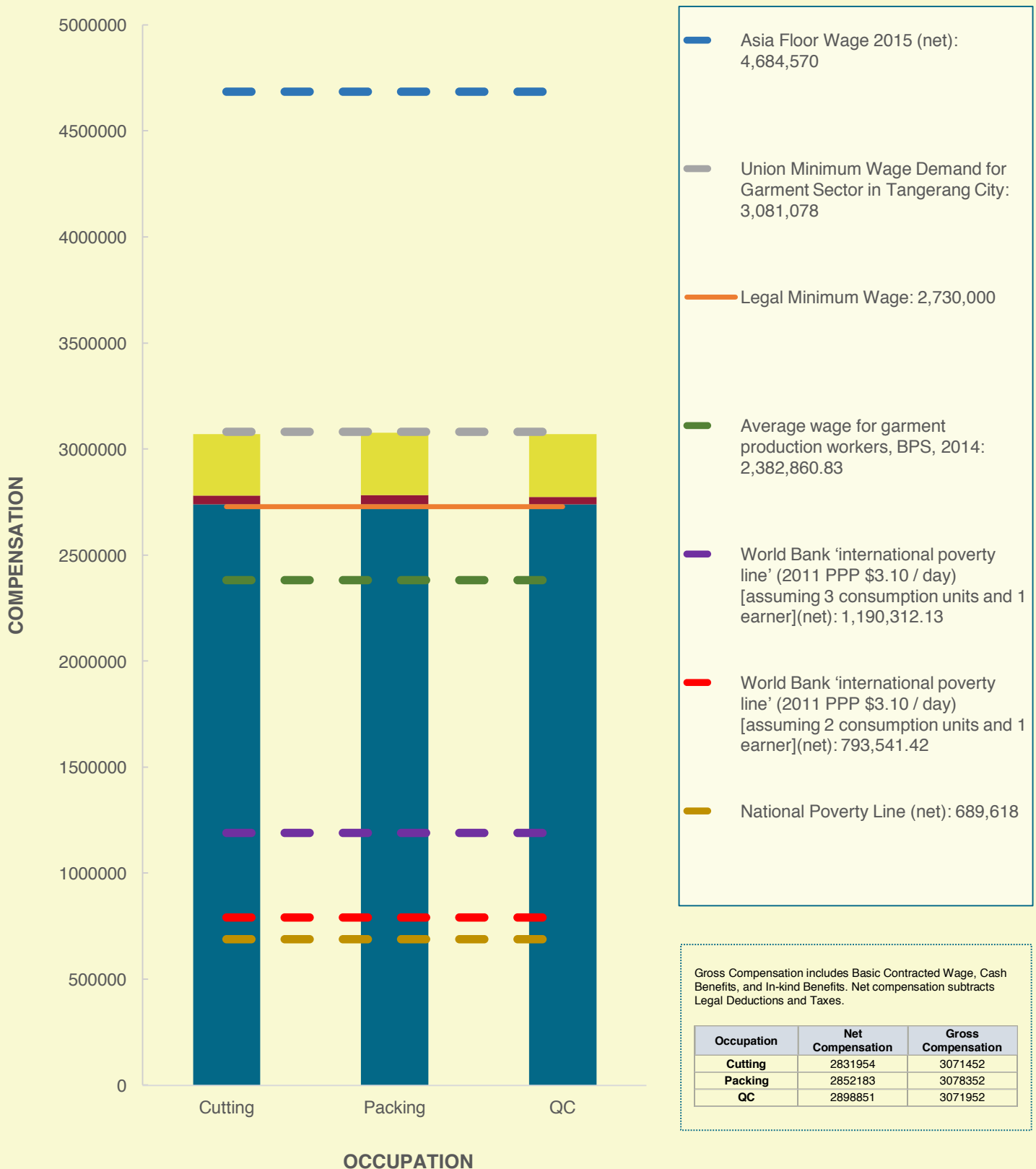




# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS INDONESIA (3) *Currency: Indonesian rupiah (IDR)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS INDONESIA (4) *Currency: Indonesian rupiah (IDR)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# JORDAN

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (JOD)
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>The legal minimum wage is 110 Jordanian Dinars (JOD) for all workers. In addition to this minimum, local workers receive an additional 80 as a living allowance whereas migrant workers receive accommodations in kind.</li> <li>This in-kind wage is estimated as 20 for 2014, 40 for 2015, 60 for 2016 and 80 for 2017.</li> </ul>	<u>Garment Trade Union of Jordan</u>	<b>190 for Locals 110 for Migrants</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (JOD)
<b>National Poverty Lines (5.67-member family)</b>	<ul style="list-style-type: none"> <li>National poverty line developed by the Ministry of Planning and International Cooperation and the Ministry of Social Development of the Kingdom of Jordan.</li> <li>Poverty line is JOD 680 per capita per year, or JOD 57 per individual per month, and JOD 323 per household per month (5.67 members). Information is based on 2008 data from the Household Expenditure and Income Survey.</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 395.39</li> </ul>	<u>Earth Institute, Columbia University 2012: Background Document for the National Poverty Reduction Strategy Hashemite Kingdom of Jordan</u>	<b>395.39</b>

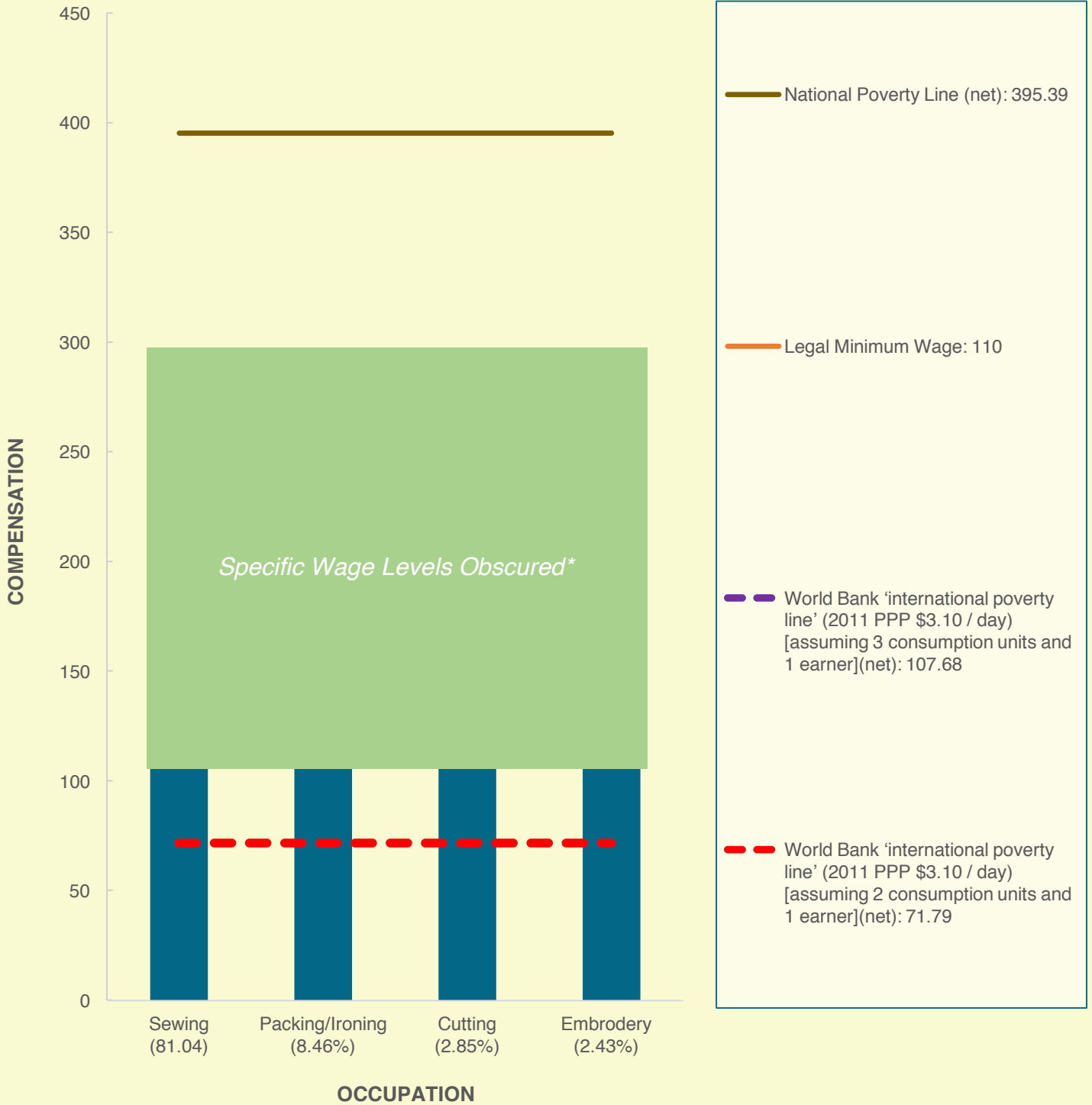
# JORDAN

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (JOD)
<b>World Bank 'international poverty line' (2005 PPP\$ 2.00 / day)</b>	<ul style="list-style-type: none"> <li>Following the World Bank recommendation, we used the 2005 Purchasing Power Parity (PPP) conversion factor, adjusted for inflation. The reason for this is that when the World Bank recently updated its poverty thresholds, the study considered that for a small set of countries, including Bangladesh, Laos, Cambodia, Cape Verde, Jordan, the Arab Republic of Egypt, Iraq, and the Republic of Yemen, the 'extrapolated' 2005 PPP\$ (adjusted for inflation) was more accurate as a measure of poverty/living costs than the 2011 PPP\$. Therefore, as an exception, the best like-for-like comparison with countries' minimum wages in converted to 2011 PPP\$ for Jordan is the 2005 PPP conversion factor, adjusted for inflation. For more info, see pages 30-31 of the World Bank Group/IMF, 2016, Global Monitoring Report 2015/16 Development Goals in an Era of Demographic Change, at <a href="http://pubdocs.worldbank.org/pubdocs/publicdoc/2015/10/503001444058224597/Global-Monitoring-Report-2015.pdf">http://pubdocs.worldbank.org/pubdocs/publicdoc/2015/10/503001444058224597/Global-Monitoring-Report-2015.pdf</a></li> <li>For World Bank international poverty line, poverty is measured at PPP\$3.10 a day; for international extreme poverty line, it is measured at PPP\$1.90 a day. However, due to the reasons stated above, for the set of countries, Jordan included, the former standard poverty benchmarks of PPP\$1.25/day (extreme poverty line) and PPP\$2/day (international poverty line) are used instead of the updated \$1.90/day \$3.10/day lines.</li> <li>The \$2/day equivalent is <math>(0.38 * 2) = \text{JOD } 0.76</math></li> <li>On a monthly basis, this is <math>(\text{JOD } 0.76 * (365/12)) = \text{JOD } 23.12</math></li> <li>Adjusted for inflation using IMF WEO CPI, this amount is <math>[117.63 (\text{CPI } 2015)/75.76 (\text{CPI } 2005) * \text{JOD } 23.12] = \text{JOD } 35.89/\text{person}/\text{month}</math></li> <li>The household equivalent of JOD 35.89, assuming two consumption units and one earner is JOD 71.79 <math>(2/1 * \text{JOD } 35.89)</math></li> </ul>	<u>World Bank</u>	<b>71.79</b>
	<ul style="list-style-type: none"> <li>The household equivalent of JOD 35.89, assuming three consumption units and one earner is JOD 107.68 <math>(3/1 * \text{JOD } 35.89)</math></li> </ul>		<b>107.68</b>

# FACTORY ASSESSMENT COMPENSATION DATA AND CONTINUUM

## JORDAN *Currency: Jordanian Dinar (JOD)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

# MALAYSIA

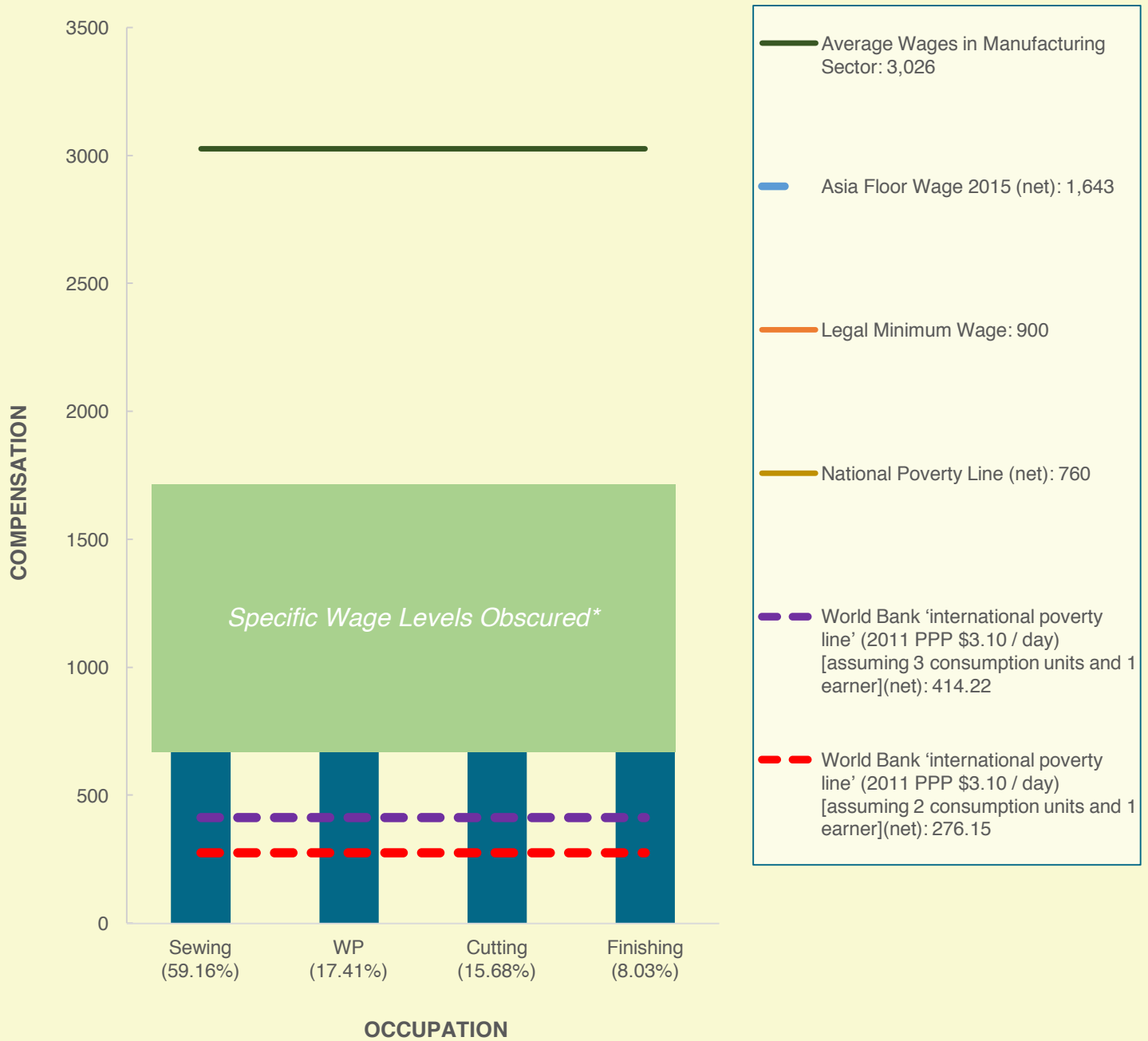
## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (MYR)
Legal Minimum Wage	Peninsular Malaysia	<a href="#">The Malaysia Ministry of Human Resources</a>	900
	Sabah, Sarawak and Labuan		800
Industry/sector Wage Comparator  Average Monthly Wages in Manufacturing Sector	<ul style="list-style-type: none"> <li>Average monthly wage in manufacturing was 3260.70 Malaysian Ringgit (MYR)/month in December 2015, reported by the Department of Statistics Malaysia.</li> </ul>	<a href="#">Department of Statistics Malaysia</a>	3,260.70

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (MYR)
National Poverty Lines (household size not available)	<ul style="list-style-type: none"> <li>MYR 760: Poverty line income for Peninsular Malaysia, the location of most garment factories. Defined as average monthly income that falls short of certain standards of consumption necessary to maintain decency in society. A separate extreme poverty line of 460 is also provided. Value provided is for a household (number of members not specified).</li> </ul>	<a href="#">Economic Transformation Programme-Prime Minister Department</a>	760
World Bank 'international poverty line' (2011 PPP\$ 3.10/ day)	<ul style="list-style-type: none"> <li>Poverty is also measured by the World Bank at PPP\$3.10/day.</li> <li>The \$3.10 equivalent is <math>(1.43 * 3.1) = \text{MYR } 4.43</math></li> <li>On a monthly basis, this is <math>(\text{MYR } 4.43 * (365/12)) = \text{MYR } 134.84</math>.</li> <li>Adjusted for inflation, this amount is <math>[113.14 (\text{CPI } 2015)/110.48 (\text{CPI } 2014) * \text{MYR } 134.84] \text{ MYR } 138.07/\text{person}/\text{month}</math></li> <li>The household equivalent of MYR 138.07, assuming two consumption units and one earner is MYR 276.15/month.</li> </ul>	<a href="#">WB 2011 ICP</a>	276.15
	<ul style="list-style-type: none"> <li>The household equivalent of MYR 138.07, assuming three consumption units and one earner is MYR 414.22/month.</li> </ul>		414.22
Living Wage Estimate  Asia Floor Wage (3 adults, 1 earner)	<ul style="list-style-type: none"> <li>Asia Floor Wage Alliance (latest revision found from 2015—1021PPP\$)—A standard PPP\$-based estimate for East and Southeast Asian countries applicable to manufacturing industries (based on a 3,000-kcal diet for a three-adult-equivalent household with a single earner)</li> <li>Food basket research was done in Cambodia, India, Indonesia and Sri Lanka to obtain the country Asia Floor Wage figures. For other Asian countries where food basket research was not conducted, the figures were extrapolated.</li> </ul>	<a href="#">Asia Floor Wage Alliance</a>	1,643

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS MALAYSIA (1) *Currency: Ringgits (MYR)*



Basic Contracted Wage

Cash Benefit

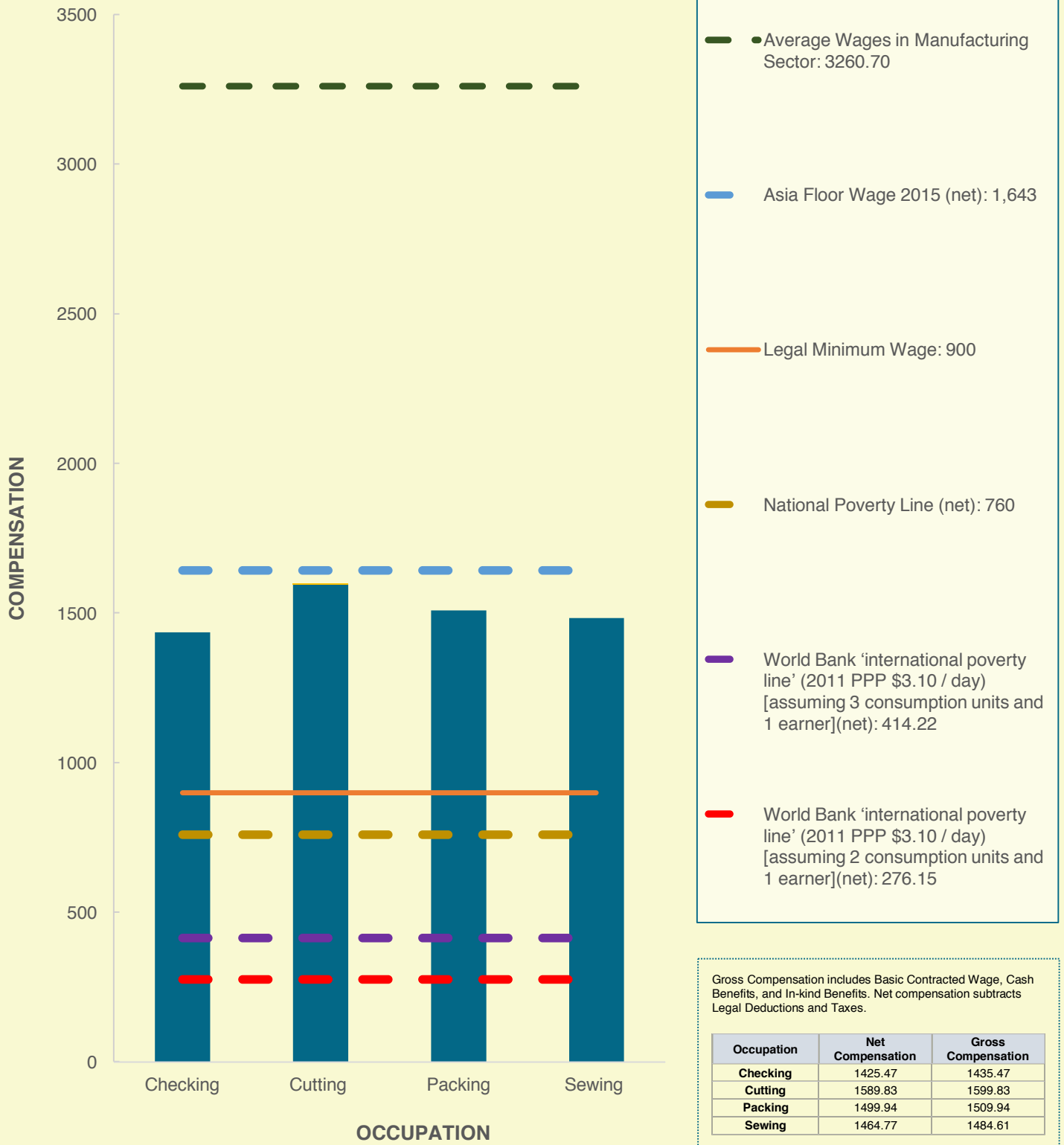
In-Kind Benefit

Incentives

\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## MALAYSIA (2) *Currency: Ringgits (MYR)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives



## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (MXN)
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>Before October 2015, Mexico had two different legal minimum wages depending on the geographical region. For Zone A (Tijuana), the legal minimum wage in 2015 was 70.10 Mexican pesos (MXN) daily.</li> <li>The average paid days per month are 26.08, so the legal minimum wage is <math>70.10 \times 26.08 = 1828.21</math> monthly</li> </ul>	<u>SHCP 2015</u>	<b>1828.21</b>
	<ul style="list-style-type: none"> <li>For Zone B (Querétaro, Durango, Yucatán), the legal minimum wage was 66.45 (from January 1 to March 31) and 68.28 (from April 1 to Sept 30) daily.</li> <li>The monthly legal minimum wage for Zone B was 1733.02 from January 1 to March 31, and 1780.74 from April 1 to September 30.</li> <li>However, since October 1, 2015 the whole country has only one legal minimum wage which is 70.10 daily and 1828.21 monthly.</li> </ul>		<b>1733.02</b> <b>(Jan 01-Mar 31)</b>  <b>1780.74</b> <b>(April 01-Sept 30)</b>  <b>1828.21</b> <b>(after Oct 01)</b>
<b>Industry/sector Wage Comparator</b>  <b>Average Wages</b>	<ul style="list-style-type: none"> <li>Average wage in salary paid to manual and technical workers for December 2015: 7420</li> <li>This figure does not include employer's contribution to social security and social benefits.</li> </ul>	<u>INEGI (Statistics Institute 2015)</u>	<b>7,420</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (MXN)
<b>National Poverty Lines (2 consumption units, 1 earner)</b>	<ul style="list-style-type: none"> <li>Well-being line (Canasta alimentaria plus Canasta no alimentaria—the sum of the 'food basket' plus the 'non-food basket' which is similar to an 'extended basket'): The Well-being line is composed of the following elements: i) The food basket; ii) Public transportation, iii) Personal care; iv) Housing and maintenance services; v) Glasswork and household utensils; vi) Culture, education, and recreation; vii) Communications and vehicle maintenance; viii) Clothing, shoes, and related accessories; ix) Healthcare; x) Cleaning and home healthcare; xi) Household goods and housing maintenance; xii) Recreation items, and xiii) Others.</li> <li>In December 2015, the monthly value of the Well-being line per capita was 2679.31</li> <li>Assume two consumption units: 5359</li> </ul>	<u>CONEVAL 2015</u>	<b>5,359</b>

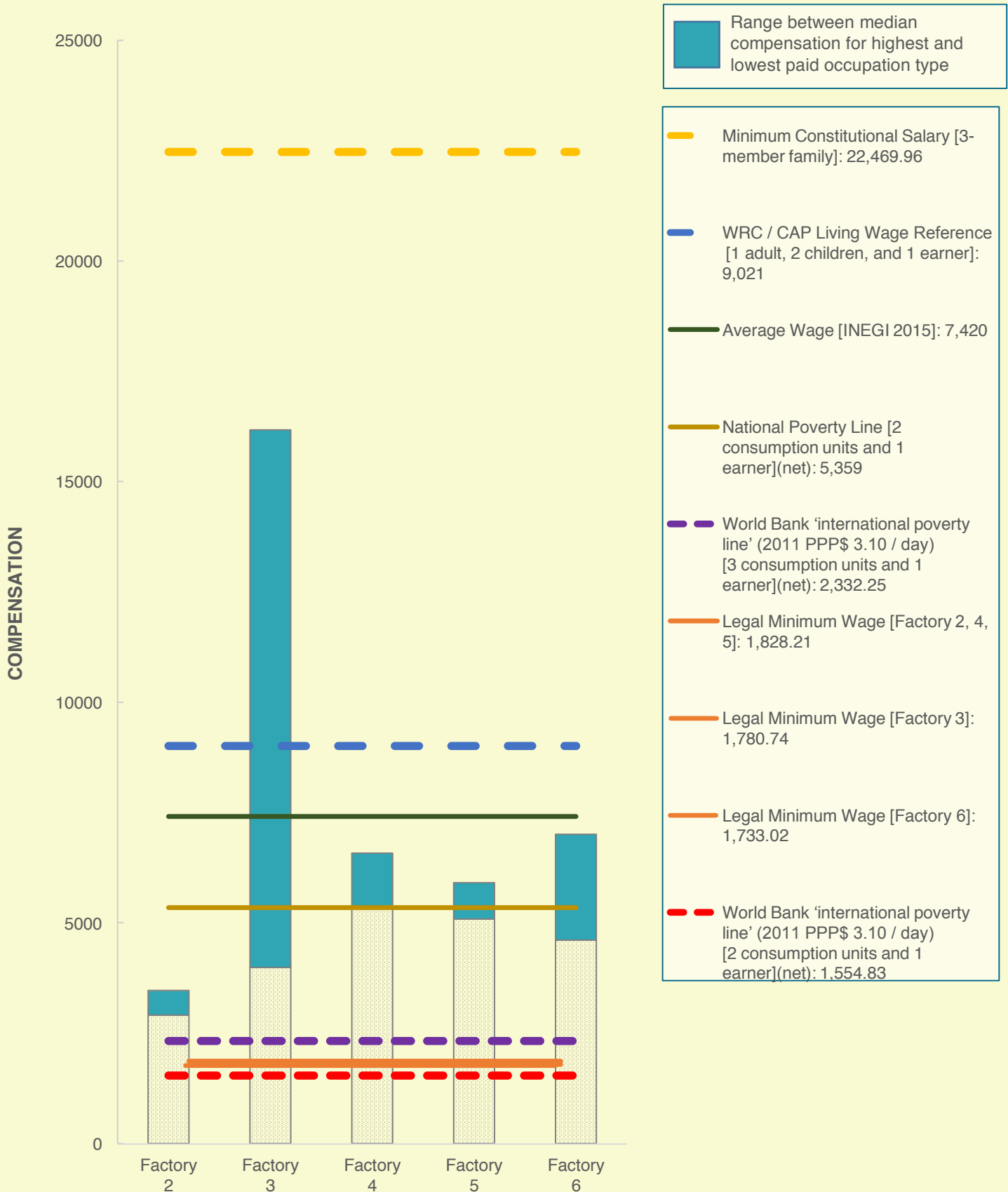
# MEXICO

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (MXN)
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at PPP\$3.10/day. PPP \$1.90 (in 2011 \$PPP) per day per person represents the international 'extreme poverty line' for extremely poor countries.</li> <li>The \$3.10 equivalent is <math>(8.02 * 3.1) = \text{MXN } 24.86</math></li> <li>On a monthly basis, this is <math>(\text{MXN } 24.86 * (365/12)) = \text{MXN } 756.22</math>.</li> <li>Adjusted for inflation, this amount is <math>[116.78 (\text{CPI } 2015)/113.59 (\text{CPI } 2014) * \text{MXN } 756.22] \text{ MXN } 777.42/\text{person/month}</math></li> <li>The household equivalent of MXN 777.42, assuming two consumption units and one earner is MXN 1,554.83/month.</li> </ul>	<u>WB 2011 ICP</u>	<b>1,554.83</b>
	<ul style="list-style-type: none"> <li>The household equivalent of MXN 777.42, assuming three consumption units and one earner is MXN 2,332.25/month.</li> </ul>		<b>2,332.25</b>
<b>Living Wage Estimate</b>  <b>Minimum Constitutional Salary (3-member family)</b>	<ul style="list-style-type: none"> <li>Published in 2015, this estimate is based on a study conducted by the Salary Observatory of the Iberoamerican University of Puebla. The Minimum Constitutional Salary in Mexico is MXN 22,469.96 (monthly wage value).</li> <li>Minimum Constitutional Salary is calculated based on three components: Food Basket, Basic Food Basket, and Non-food Basket. The Food Basket includes raw food exclusively, while the Basic Food Basket includes raw food plus the costs of cooking, consuming, and keeping food. The Non-food Basket refers to the following 12 elements: i) Personal care; ii) Housing and maintenance services; iii) Glasswork and household utensils; iv) House keeping items; v) Leisure items; vi) Culture, education and recreation; vii) Communications; viii) Clothing, shoes and related accessories; ix) Holiday celebrations; x) Transportation; xi) Healthcare, and xii) Cleaning and home healthcare. The Food Basket was estimated to be MXN \$6,025.2; the Basic Food Basket value reached MXN \$6,563.14, and the Non-food Basket was MXN \$9,881.62 (all are monthly estimations). The total value of the three components is 22,469.96.</li> <li>The estimate assumes a worker coming from a three-member family with ages between the range of 12 to 64 years old.</li> </ul>	<u>Observatorio de Salarios</u>	<b>22,469.96</b>

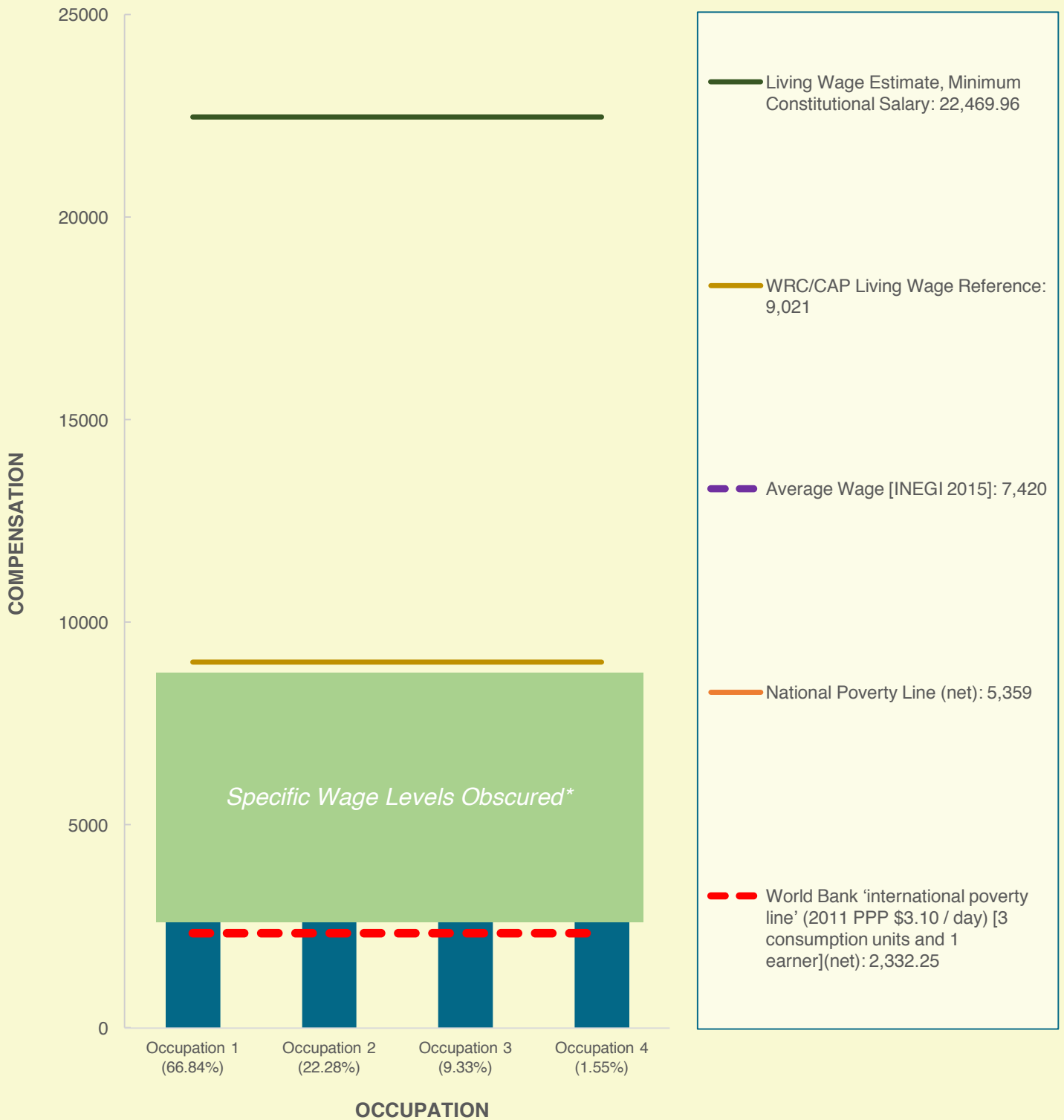
# COMPENSATION COMPARISON ACROSS FACTORIES

**MEXICO** Currency: *Peso (MXN)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

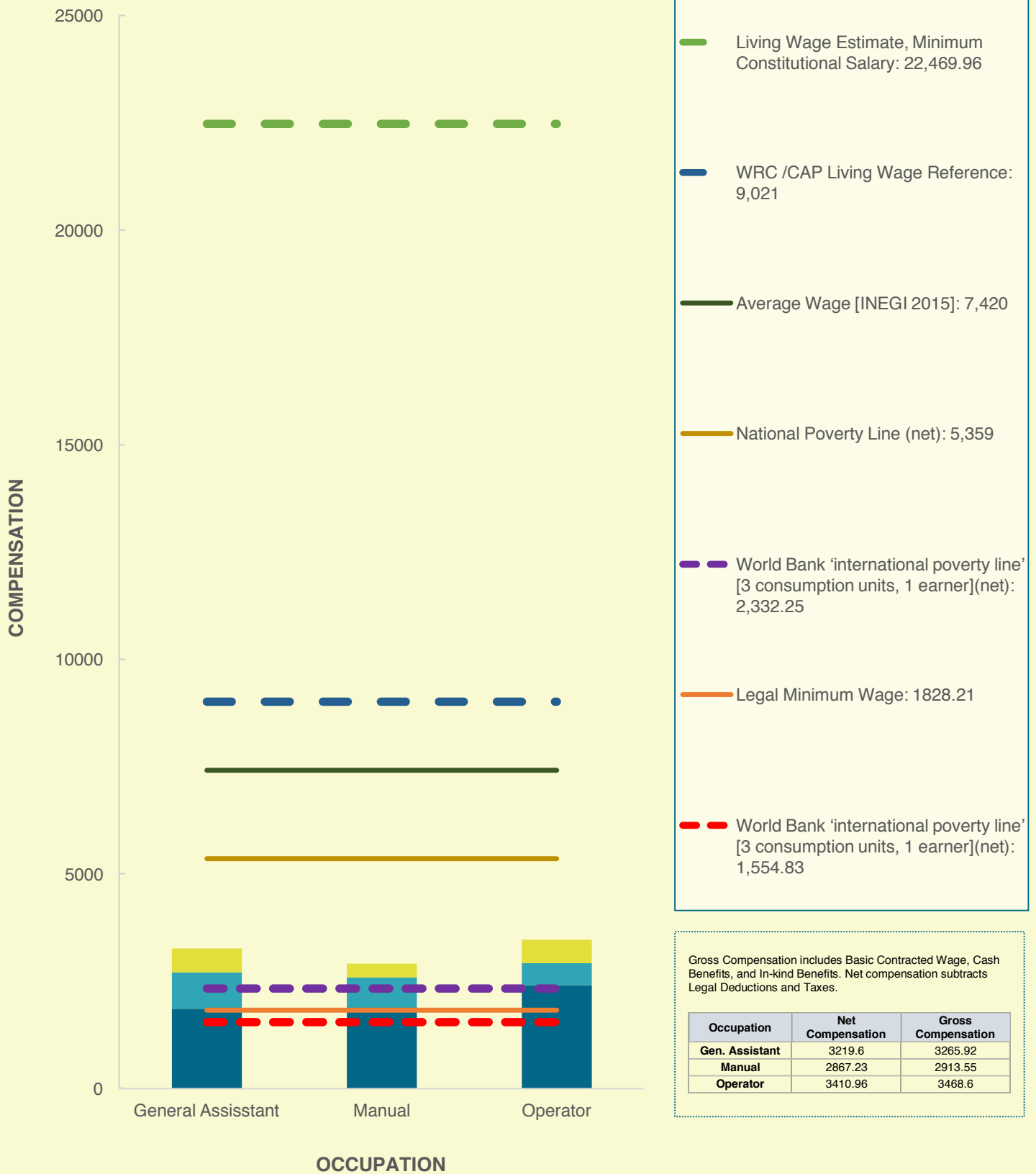
## MEXICO (1) *Currency: Peso (MXN)*



\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

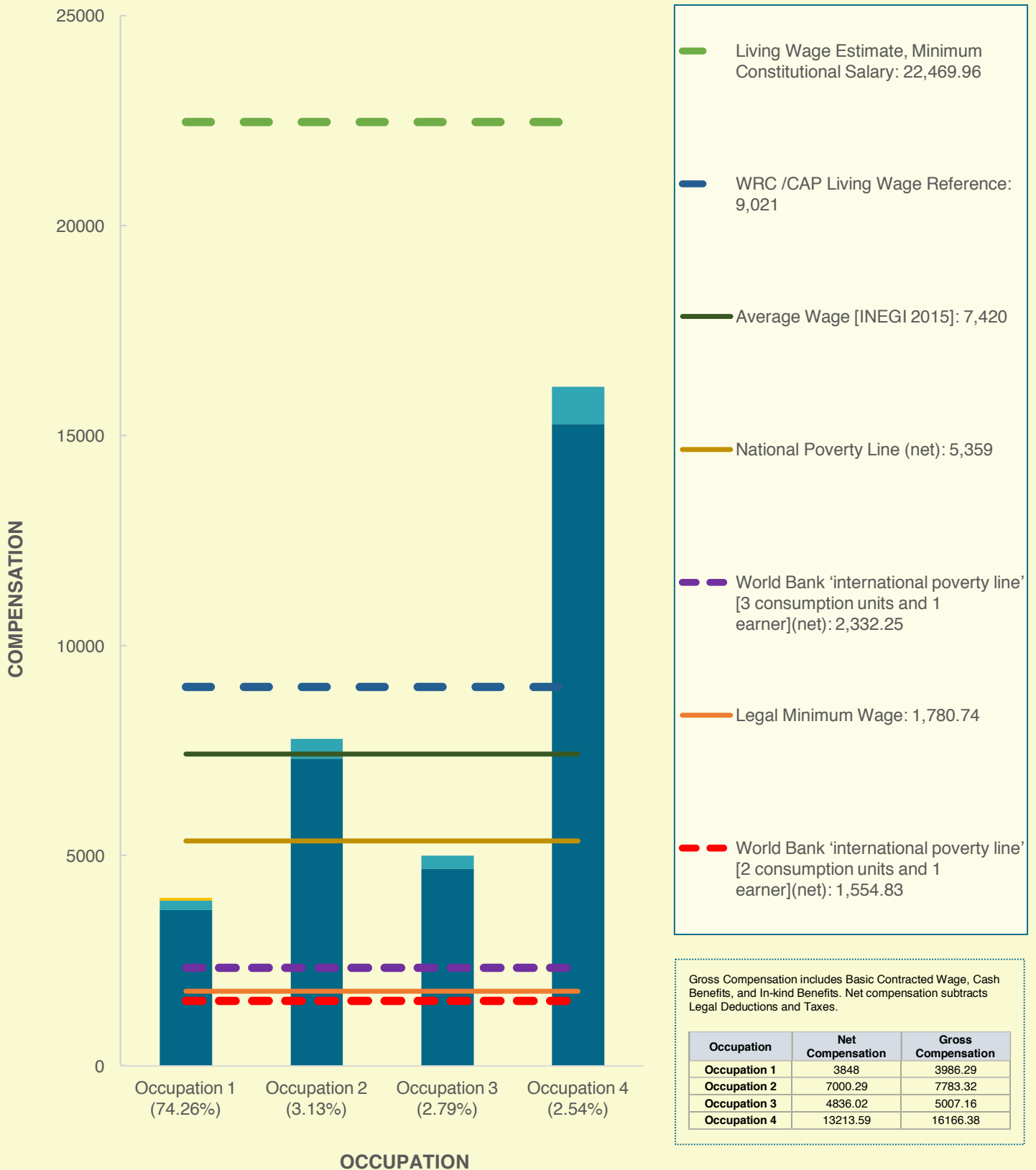
# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## MEXICO (2) *Currency: Peso (MXN)*



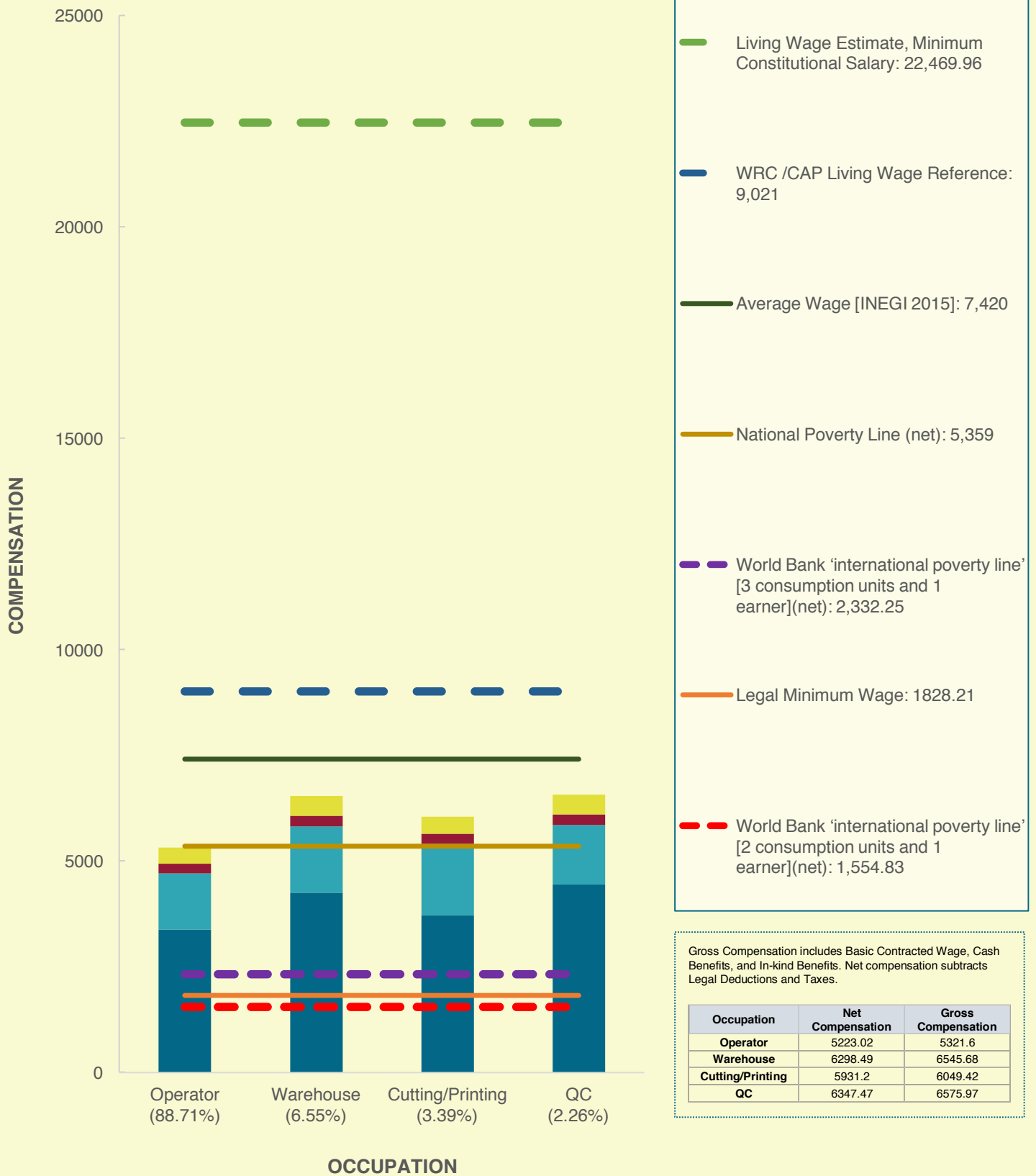
# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## MEXICO (3) *Currency: Peso (MXN)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## MEXICO (4) *Currency: Peso (MXN)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

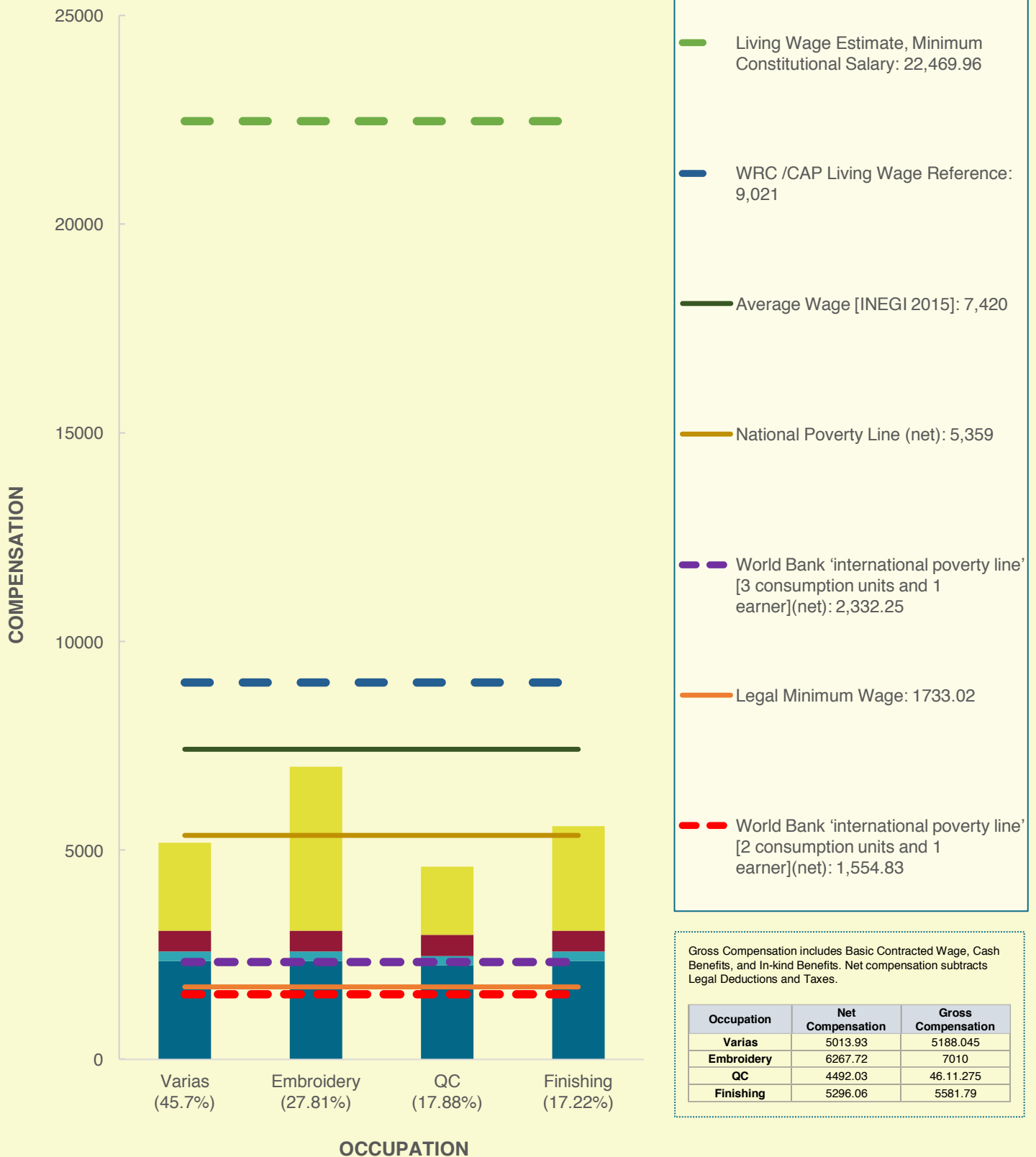
## MEXICO (5) *Currency: Peso (MXN)*





# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## MEXICO (6) *Currency: Peso (MXN)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# PAKISTAN

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (PKR)
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>Legal minimum wage before July 1, 2015 was 12,000 Pakistani Rupees (PKR). It has been increased to 13,000 since then.</li> <li>FLA compensation data from Pakistan was collected before July 1, 2015, so the old legal minimum applies.</li> </ul>		<b>12,000 before July 1, 2015; 13,000 afterwards</b>
<b>Industry/sector Wage Comparator</b>  <b>Average Monthly Wage of Manufacturing</b>	<ul style="list-style-type: none"> <li>Value comes from a 2013-2014 Labor Force Survey conducted by Statistics Division, Pakistan Bureau of Statistics, Government of Pakistan. The survey uses nationally representative sample, and for the year of 2013-14, the sample size comprises 41,484 households.</li> <li>PKR 12095 is the average monthly wage for plant/machine operators and assemblers. See Table 31 "Average Monthly Wages of Employees by Major Occupational Groups" (page 37).</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 12642.4</li> </ul>	<u>Labour Force Survey (LFS) 2013-14, Pakistan Bureau of Statistics</u>	<b>12,642.4</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (PKR)
<b>National Poverty Lines (2 adults)</b>	<ul style="list-style-type: none"> <li>Poverty line developed by Ministry of Planning, Development and Reform.</li> <li>The official poverty line in Pakistan is calorie-based, and consumption-based absolute poverty is estimated after converting the household consumption level to adult equivalent based on recommended nutritional requirements of 2350 calories per person per day and providing an almost equivalent amount for other basic needs.</li> <li>Poverty line is 1745 in 2010-11.</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 2361</li> <li>Two adult equivalent consumption units: 4722</li> </ul>	<u>Ministry of Finance-Pakistan</u>	<b>4,722</b>
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at Purchasing Power Parity (PPP)\$3.10/day.</li> <li>The \$3.10 equivalent is <math>(28.34 * 3.1) = \text{PKR } 87.85</math></li> <li>On a monthly basis, this is <math>(\text{PKR } 87.85 * (365/12)) = \text{PKR } 2,672.23</math>.</li> <li>Adjusted for inflation, this amount is <math>[198.16 (\text{CPI } 2015)/189.58 (\text{CPI } 2014) * \text{PKR } 2,672.23] \text{ PKR } 2,793.17/\text{person}/\text{month}</math></li> <li>The household equivalent of PKR 2,793.17, assuming two consumption units and one earner is PKR 5,586.33/month.</li> </ul>	<u>WB 2011 ICP</u>	<b>5,586.33</b>
	<ul style="list-style-type: none"> <li>The household equivalent of PKR 2,793.17, assuming three consumption units and one earner is 8,379.50/month.</li> </ul>		<b>8,379.50</b>

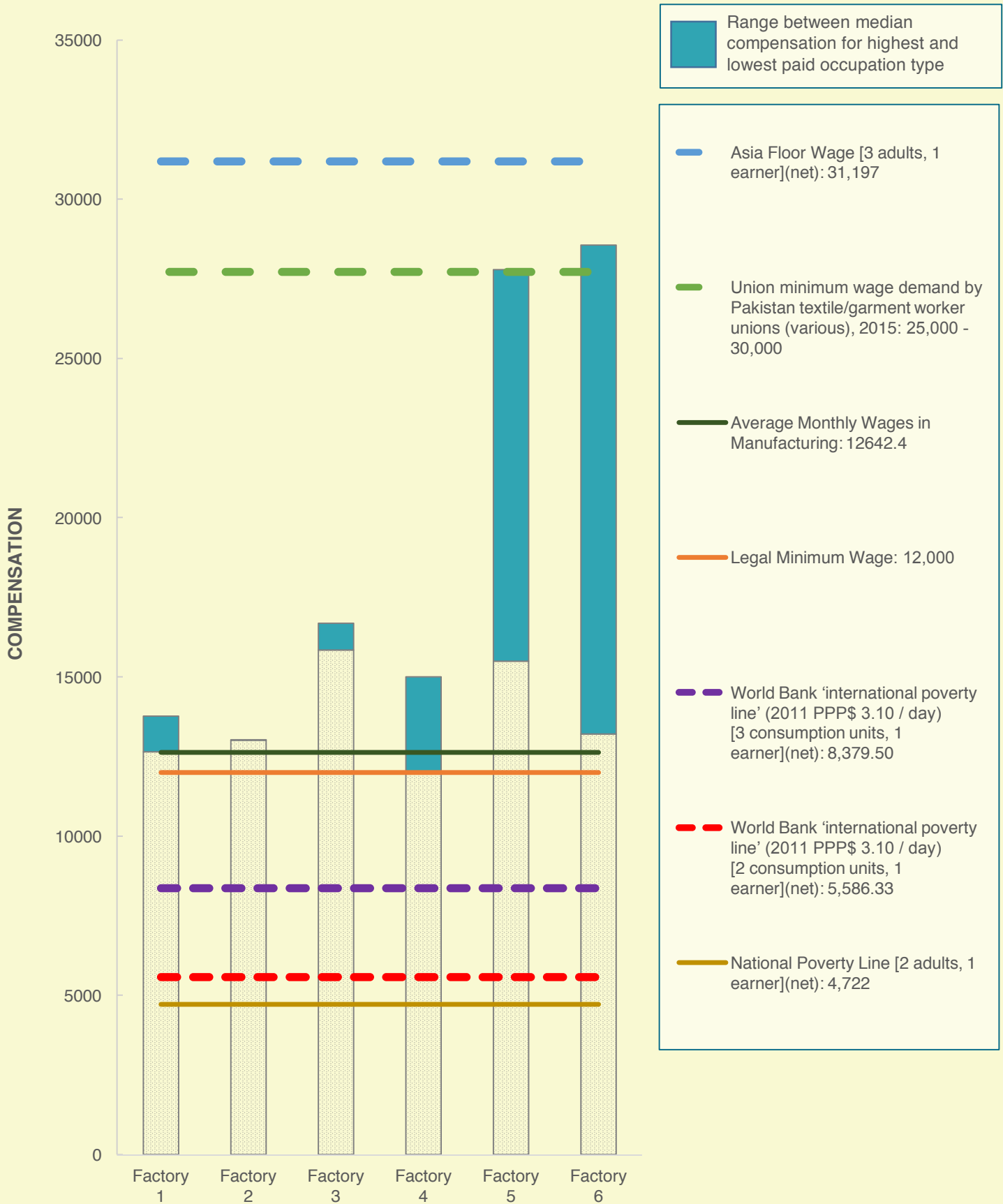
# PAKISTAN

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (PKR)
<p><b>Living Wage Estimate</b></p> <p><b>Asia Floor Wage (3 adults, 1 earner)</b></p>	<ul style="list-style-type: none"> <li>Asia Floor Wage Alliance (latest revision found from 2015—1021PPP\$)—A standard PPP\$-based estimate for East and Southeast Asian countries applicable to manufacturing industries (based on a 3,000-kcal diet for a three-adult-equivalent household with a single earner)</li> <li>Food basket research was done in Cambodia, India, Indonesia, and Sri Lanka to obtain the country Asia Floor Wage figures. For other Asian countries where food basket research was not conducted, the figures were extrapolated.</li> </ul>	<p><u>Asia Floor Wage Alliance</u></p>	<p><b>31,197</b></p>
<p><b>Union Demand (Minimum Wage)</b></p>	<ul style="list-style-type: none"> <li>Unions had been demanding for minimum wages to be fixed between PKR 25000 to PKR 30000. The current minimum wage is fixed for each province and at about PKR 13000.</li> </ul>	<p>Pakistan textile/ garment worker unions (various), 2015</p>	<p><b>25000 to 30000</b></p>

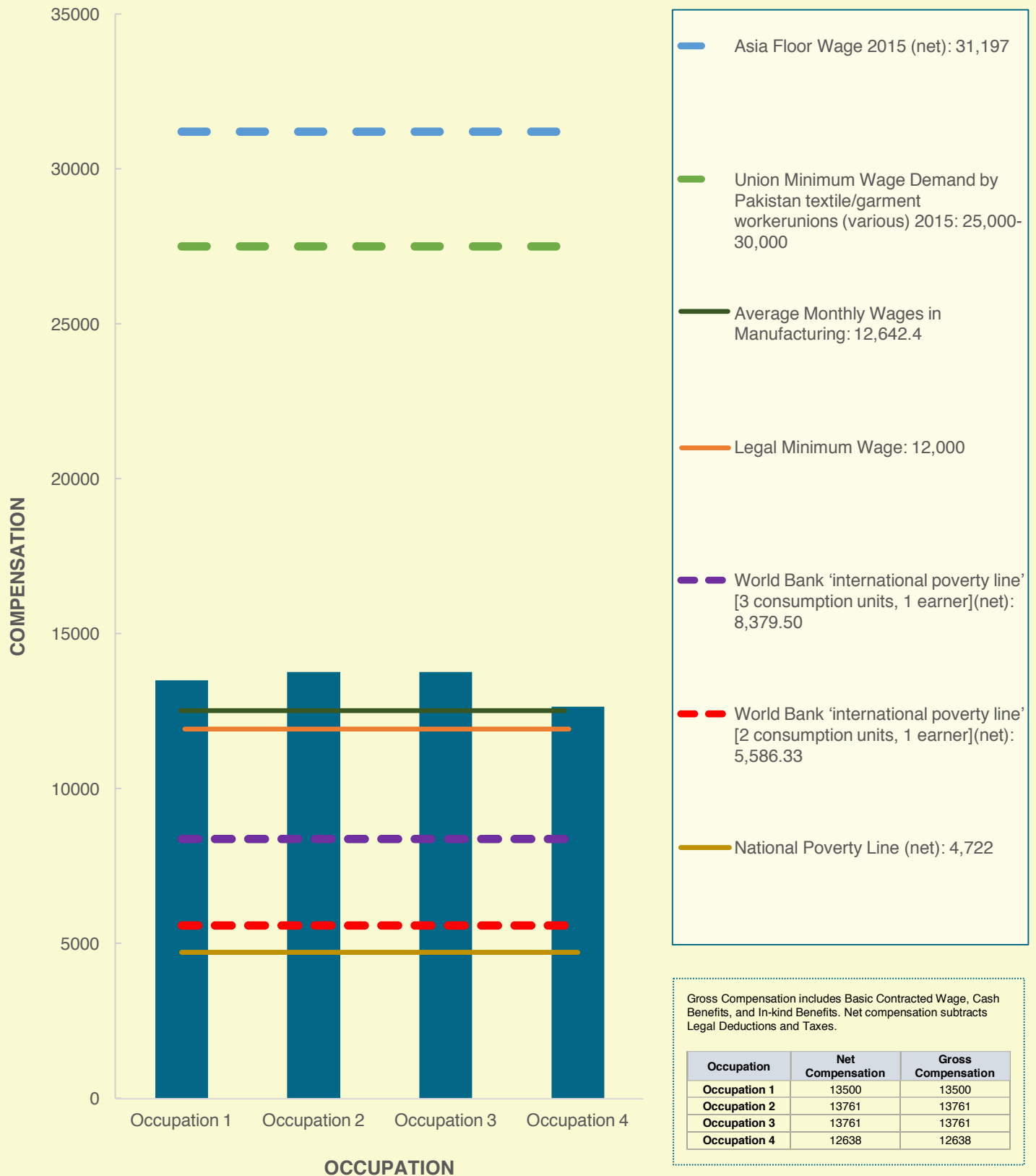
# COMPENSATION COMPARISON ACROSS FACTORIES

## PAKISTAN *Currency: Pakistani Rupee (PKR)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## PAKISTAN (1) *Currency: Pakistani Rupee (PKR)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## PAKISTAN (2) *Currency: Pakistani Rupee (PKR)*



Basic Contracted Wage

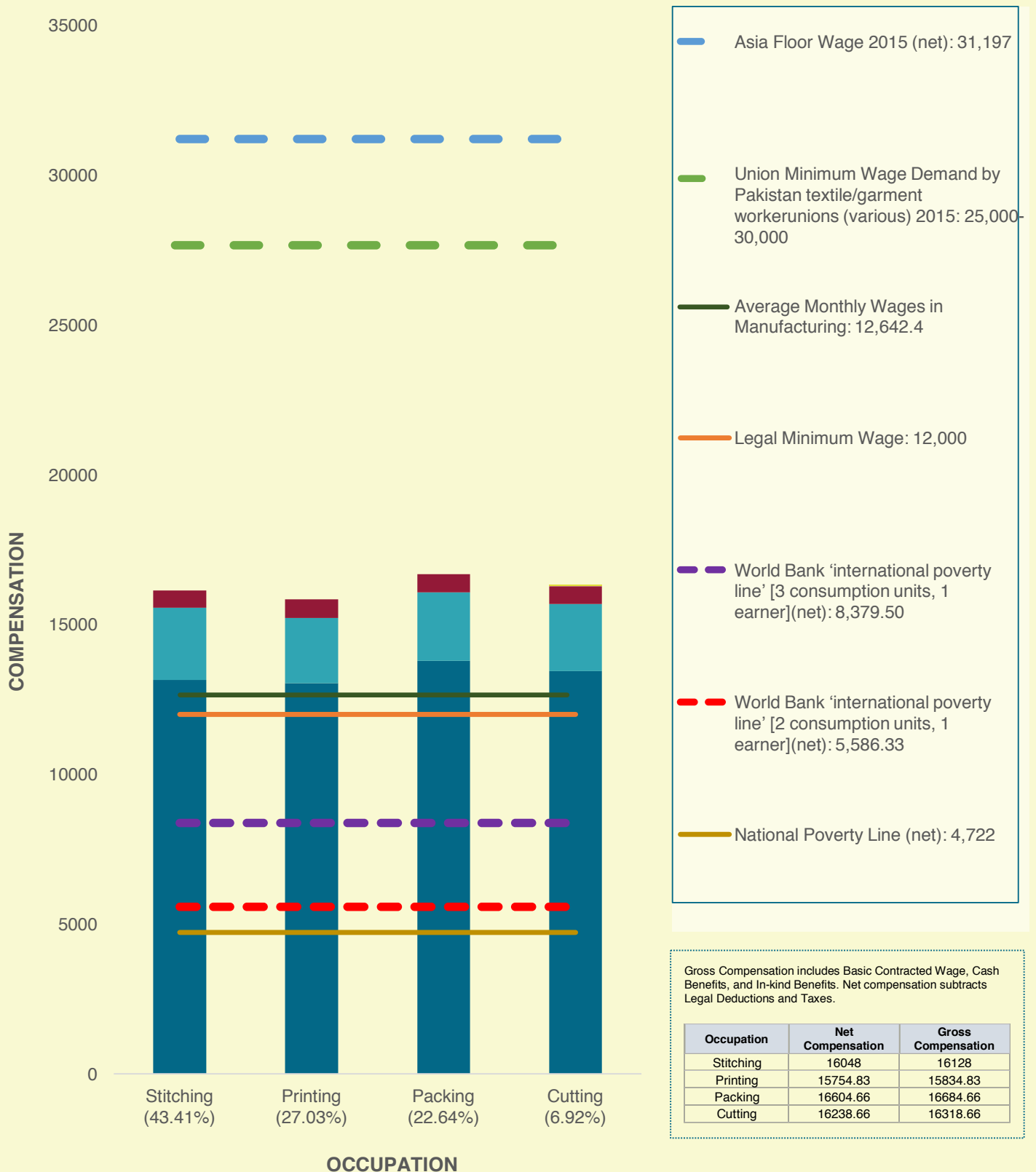
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## PAKISTAN (3) *Currency: Pakistani Rupee (PKR)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## PAKISTAN (4) *Currency: Pakistani Rupee (PKR)*



Basic Contracted Wage

Cash Benefit

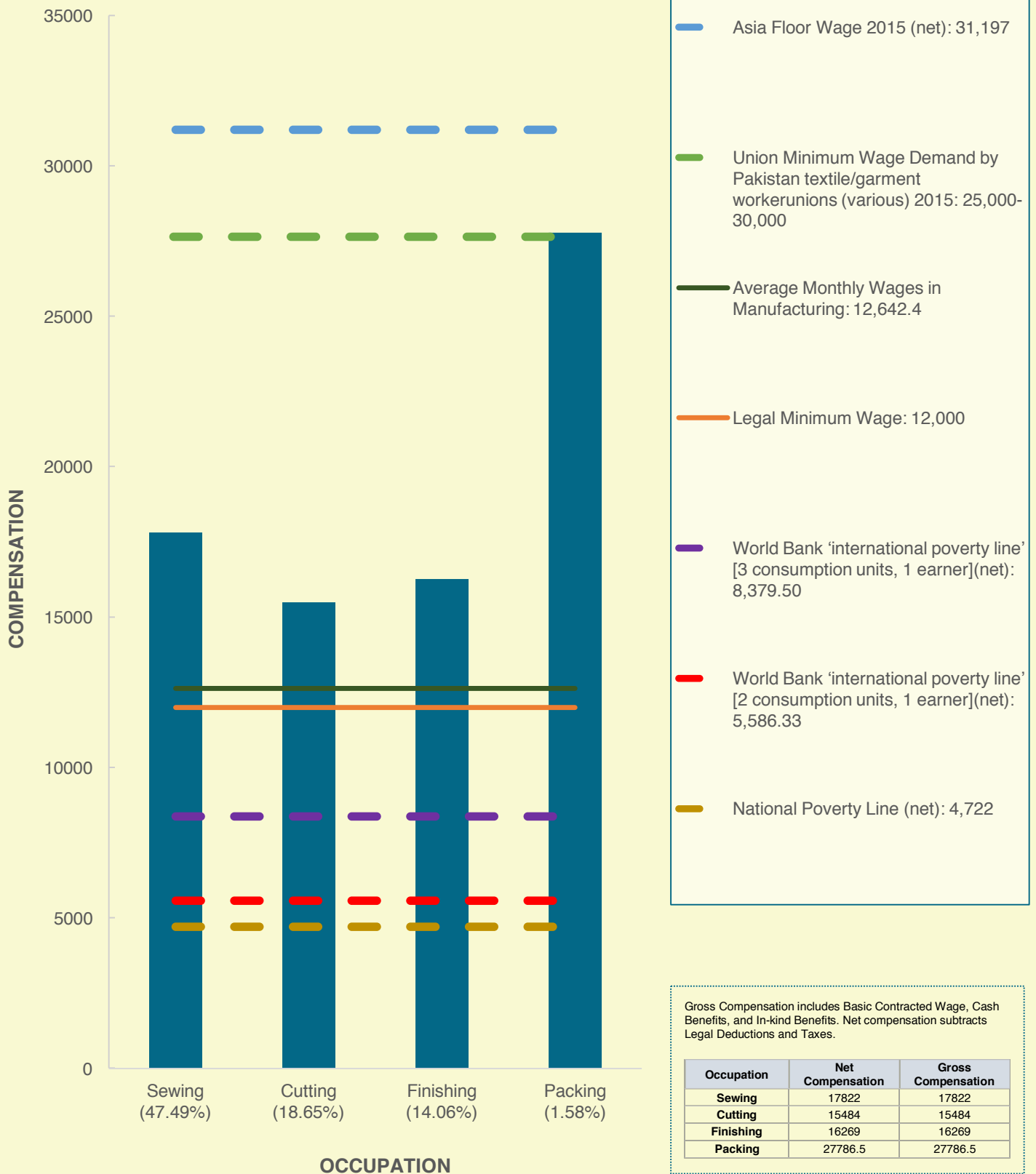
In-Kind Benefit

Incentives



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## PAKISTAN (5) *Currency: Pakistani Rupee (PKR)*



Basic Contracted Wage

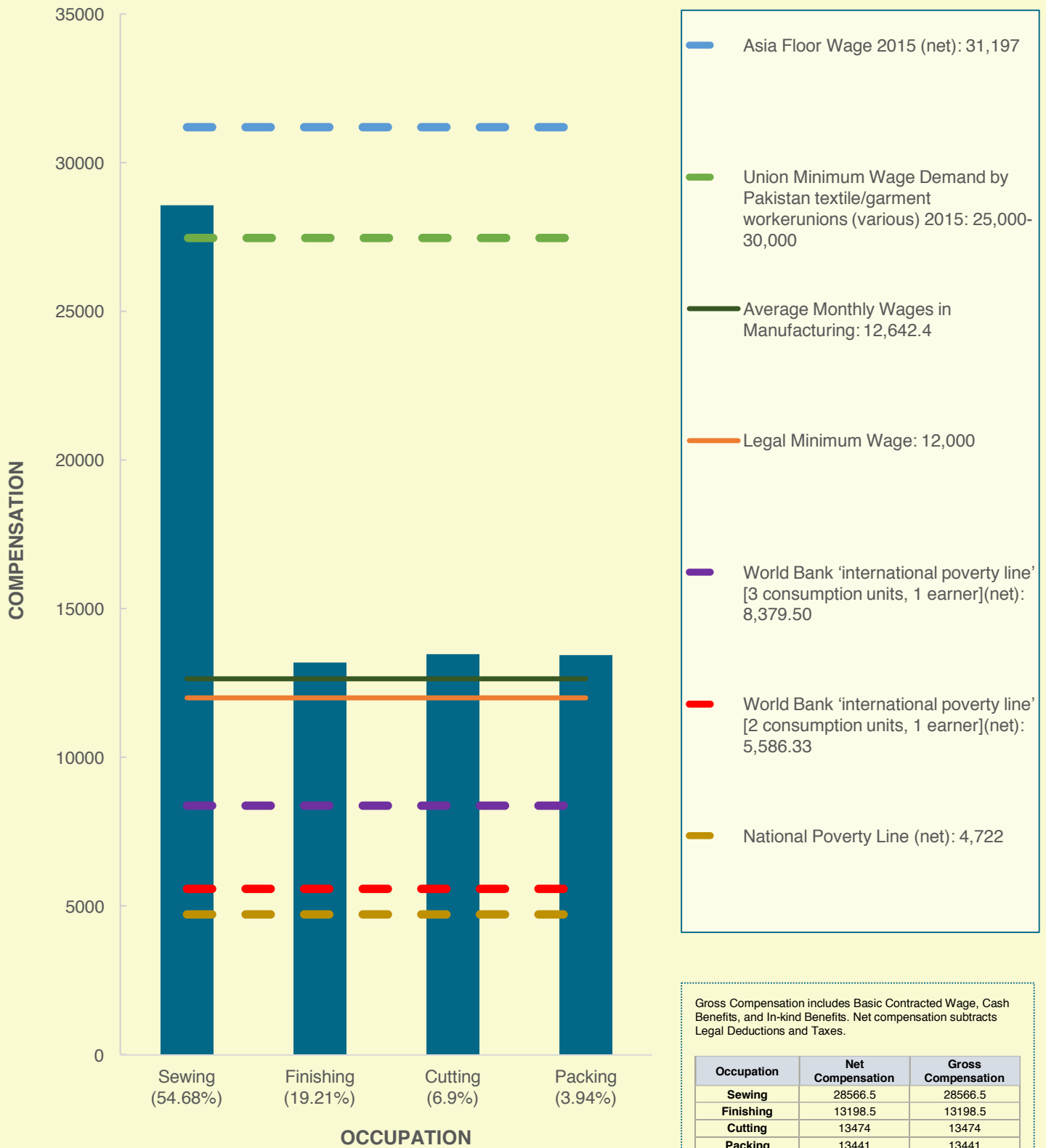
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## PAKISTAN (6) *Currency: Pakistani Rupee (PKR)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# PHILIPPINES

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (PHP)
<b>Legal Minimum Wage</b>  <b>Region 3</b>	<ul style="list-style-type: none"> <li>The Act Instituting Policies for the Protection and Welfare of Domestic Workers (Republic Act 10361), which is also called the Domestic Workers Act.1, came into effect January 19, 2013, establishing the legal minimum wage as 349 Philippine pesos (PHP) daily</li> <li>The average workdays per month are 26.08 days, so monthly legal minimum wage is <math>349 * 26.08 = \text{PHP } 9101.92</math></li> </ul>	<a href="#">Department of Labor and Employment National Wages and Productivity Commission- National Capital Region (NCR) a/ Per Wage Order No. NCR-19 b/</a>	<b>9101.92</b>
<b>Industry/ sector Wage Comparator</b>  <b>Average monthly wage</b>	<ul style="list-style-type: none"> <li>Wages in Philippines increased to 8280 PHP/month in 2011 from 7995 PHP/month in 2010</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 9332.88</li> </ul>	<a href="#">National Statistics Office of Philliphine</a>	<b>9,332.88</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (PHP)
<b>National Poverty Line (5 members family)</b>	<ul style="list-style-type: none"> <li>8778 is the overall poverty threshold for a family of five</li> <li>Threshold revised every year by Annual Poverty Indicator Survey. Based on basket of food and non-food essentials as prescribed by other specialist government agencies. Food is approximately 70 percent of the poverty line value.</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 8943</li> </ul>	<a href="#">Philippine Statistical Authority- Poverty</a>	<b>8,943</b>
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at PPP\$3.10/day. PPP \$1.90 (in 2011 \$PPP) per day per person represents the international 'extreme poverty line' for extremely poor countries.</li> <li>The \$3.10 equivalent is <math>(18.25 * 3.1) = \text{PHP } 56.58</math></li> <li>On a monthly basis, this is <math>(\text{PHP } 56.58 * (365/12)) = \text{PHP } 1,720.82</math>.</li> <li>Adjusted for inflation, this amount is <math>[142.17 (\text{CPI } 2015)/139.54 (\text{CPI } 2014) * \text{PHP } 1,720.82] \text{ PHP } 1,753.26/\text{person}/\text{month}</math></li> <li>The household equivalent of PHP 1,753.26, assuming two consumption units and one earner is PHP 3,506.51/month.</li> </ul>	<a href="#">WB 2011 ICP</a>	<b>3,506.51</b>
	<ul style="list-style-type: none"> <li>The household equivalent of PHP 1,753.26, assuming three consumption units and one earner is PHP 5,259.77/month.</li> </ul>		<b>5,259.77</b>

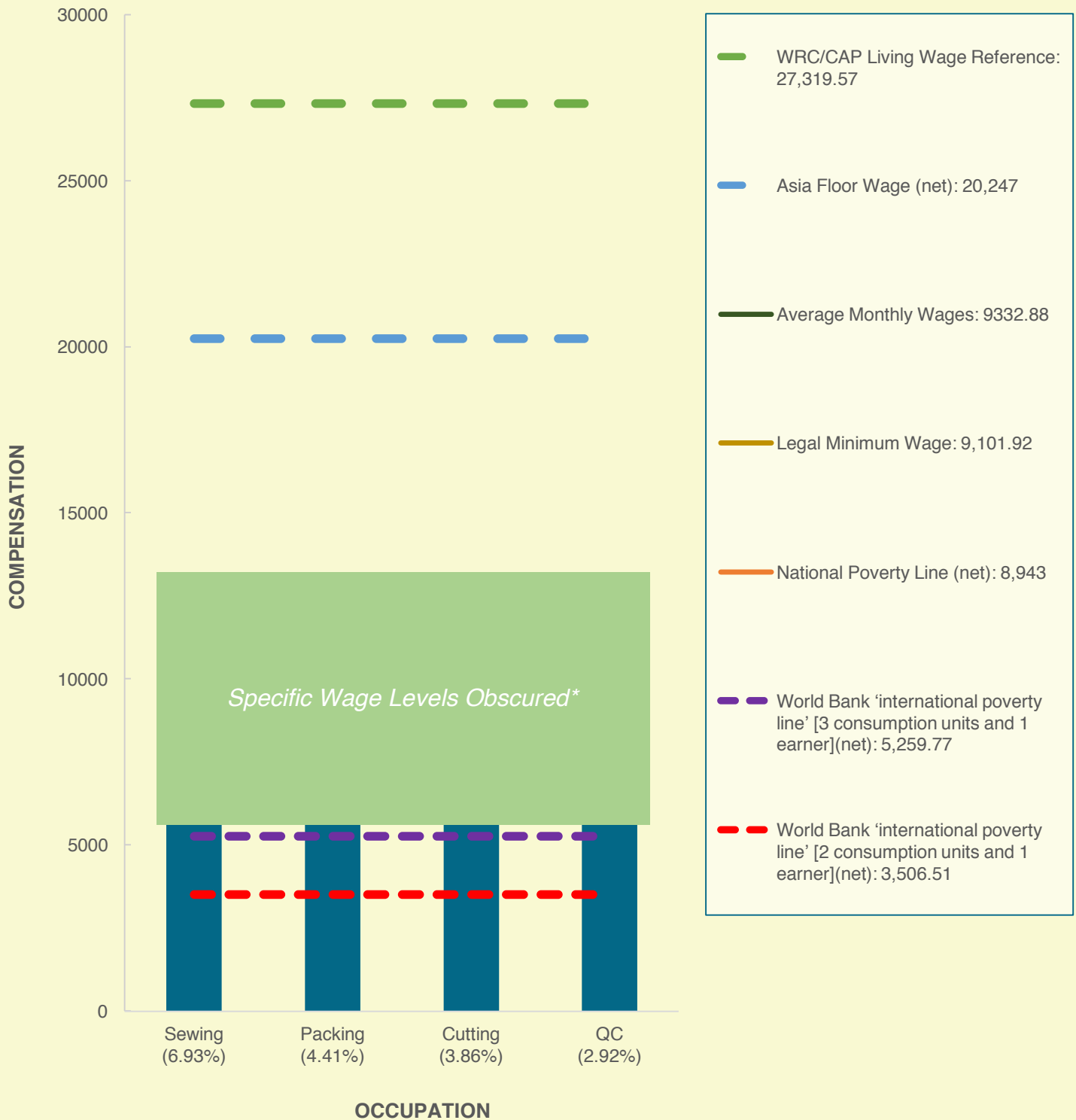
# PHILIPPINES

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (PHP)
<p><b>Living Wage Estimate</b></p> <p><b>Asia Floor Wage (3 adults, 1 earner)</b></p>	<ul style="list-style-type: none"> <li>Asia Floor Wage Alliance (latest revision found from 2015—1021PPP\$)—A standard PPP\$-based estimate for East and Southeast Asian countries applicable to manufacturing industries (based on a 3,000-kcal diet for a three-adult-equivalent household with a single earner)</li> <li>Food basket research was done in Cambodia, India, Indonesia, and Sri Lanka to obtain the country Asia Floor Wage figures. For other Asian countries where food basket research was not conducted, the figures were extrapolated.</li> </ul>	<p><u>Asia Floor Wage Alliance</u></p>	<p><b>20,247</b></p>
<p><b>Living Wage Estimate</b></p> <p><b>Worker Rights Consortium/CAP (1 adult, 2 children, and 1 earner)</b></p>	<ul style="list-style-type: none"> <li>The figure comes from a paper prepared for the Center for American Progress (CAP) by the Worker Rights Consortium (WRC). The living wage figure for Dominican Republic for 2011 was DOP 21,236.96 (based on the 2008 WRC living-wage figure and adjusted using consumer-price-inflation from the World Bank, see p.16 and Table 2 on p.18 of the report). The WRC assumed that the average worker has a family of four, and that one of the family members represents an additional wage earner whose income covers one-quarter of a family's expenses. The living wage for a full-time worker is based on the amount that is sufficient to cover the expenditures of three of the four family members—one adult and two school-age children.</li> <li>Figure of 24237.54 (2011) for the Philippines was extrapolated from Dominican Republic 21,236.96 DOP/household/month (2011) using PPP\$ conversion factors and adjusting for CPI inflation (see p.16 and Table 2 in p.18 of the report).</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 27319.57</li> </ul>	<p><u>WRC/CAP 2013</u></p>	<p><b>27,319.57</b></p>

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## PHILIPPINES *Currency: Philippine Peso (PHP)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (LKR)
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>The decisions of the Wages Board for the Garments Manufacturing on legal minimum wages were approved by the Hon. Minister of Labour &amp; Labour Relations in January 2013, and were applicable to 2015.</li> <li>Below are the minimum wage for first-year workers (the least senior group) by classes of workers: <ul style="list-style-type: none"> <li><b>Grade I (a)</b> (Desingers, Tailors): 10,530 Sri Lankan rupees (LKR)</li> <li><b>Grade I (b)</b> (Leaders, Section Supervisors): 10,140</li> <li><b>Grade II</b> (Cutters, Machine Minders, Final Checkers): 9,125</li> <li><b>Grade III</b> (Checkers and Sorters, Ironing Operators (Male), Odd Job Operators (Female), Stamping Operators (Female), Ironing Operators (Female), Sewing Machine Operators, Electric Iron Operators, Issuing Operators (Female), Embroidery Machine/Hand Operators): 9,075.</li> <li><b>Grade IV</b> (Laying-out workers, Packers, Cellphane Bag and Cardboard Box Makers, Unskilled Workers): 8,625</li> <li><b>Grade V</b> (Learners and Apprentices): 5,700</li> </ul> </li> <li>For Export Processing Zones (EPZs), a separate set of legal minimum wages applies: <ul style="list-style-type: none"> <li>Machine Operator: 10075</li> <li>Checker: 10075</li> <li>Ironer: 10075</li> <li>Cutter: 9725</li> <li>Packer and Helper: 9625</li> <li>Training Machine Operator, Training Quality Checker: 6700</li> </ul> </li> </ul>	Sri Lanka Wages Board For the Garment Manufacturing Trade	<b>5,700 – 10,530</b>  <b>EPZ: 6700-10,075</b>
<b>Industry/ Sector Wage Comparator</b>  <b>Median salary of manufacturing workers</b>	<ul style="list-style-type: none"> <li>Figure comes from Sri Lanka Labor Force Survey 2014 Report, published by the Department of Census and Statistics, Ministry of Policy Planning Economic Affairs, Child Youth and Cultural Affairs. The survey uses a nationally representative sample of 25,000 households.</li> <li>15,500 LKR is the median monthly salary for daily paid workers in the industry (see Table 4.8 in page 19 of the report).</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 15763</li> </ul>	<a href="#">Sri Lanka Labor Force Survey 2014, Ministry of Policy Planning Economic Affairs, Child Youth and Cultural Affairs</a>	<b>15,763</b>

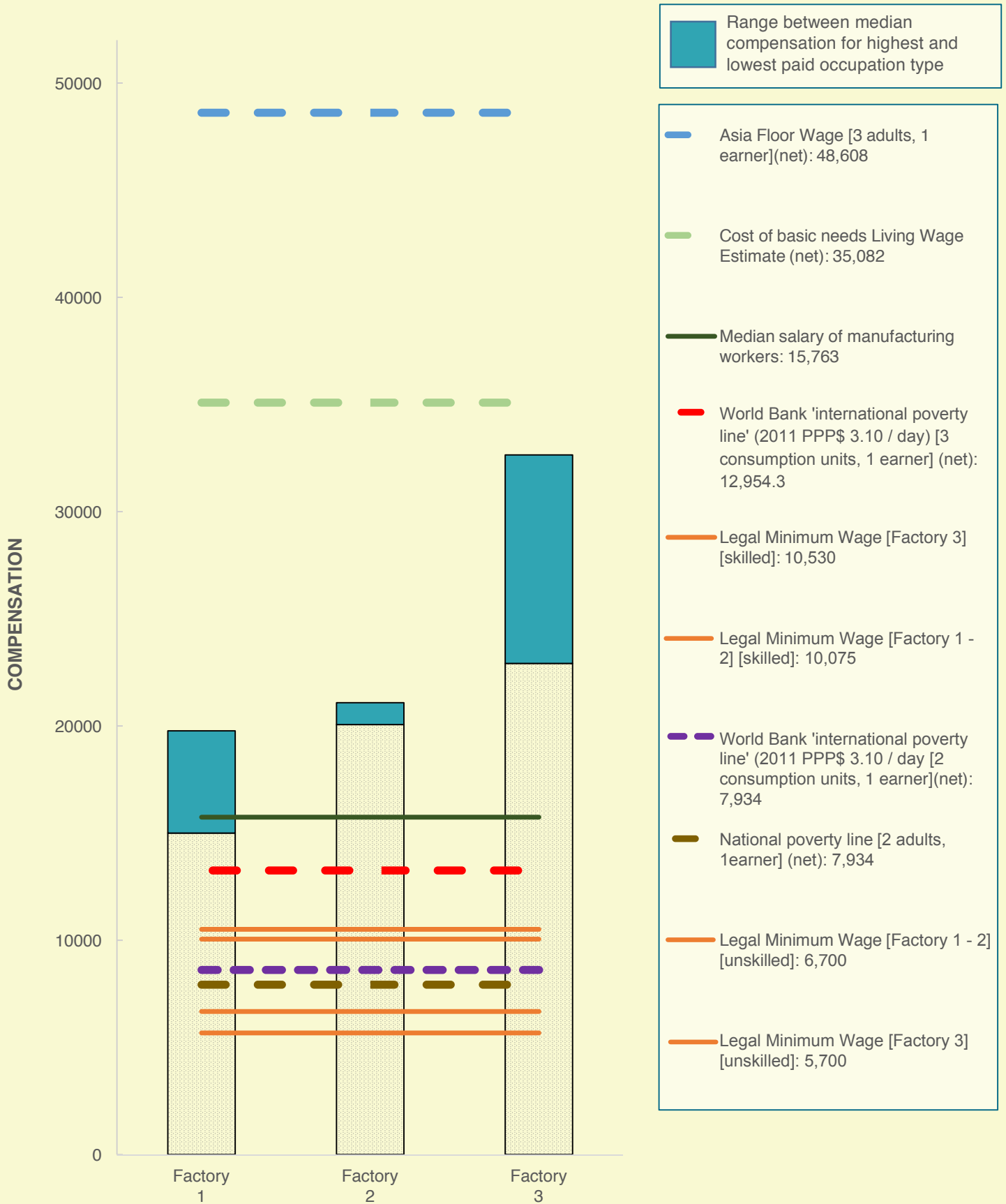
# SRI LANKA

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (LKR)
<b>National Poverty Lines (2 adults, 1 earner)</b>	<ul style="list-style-type: none"> <li>3967 is defined as the minimum expenditure per person to fulfill basic needs by the Department of Census and Statistics, which updates the value monthly. Value given is for Dec. 2015.</li> <li>Assume two adult consumption units: <math>3967 * 2 = 7,934</math></li> </ul>	<u>Department of Census and Statistics</u>	<b>7,934</b>
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/ day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at PPP\$3.10/day.</li> <li>The 2011 PPP\$ conversion factor for Sri Lanka in 2014 is 45.03; which means that LKR 45.03 could buy the same value of goods in Sri Lanka as \$1 could in the USA in 2014.</li> <li>The \$3.10 equivalent is <math>(LKR 45.03 * 3.1) = LKR 139.59</math></li> <li>Monthly, this is <math>(LKR 139.59 * (365/12)) = LKR 4,245.95</math>.</li> <li>Adjusted for inflation, this amount is <math>[182.90 (CPI 2015)/179.84 (CPI 2014) * LKR 4,245.95] = LKR 4,318.10</math> person/month</li> <li>The household equivalent of LKR 4,318.10, assuming two consumption units and one earner is LKR 8,636.21/ month.</li> </ul>	<u>WB 2011 ICP</u>	<b>8,636.21</b>
	<ul style="list-style-type: none"> <li>The household equivalent of LKR 4,318.10, assuming two consumption units and one earner is LKR 8,636.21/ month.</li> </ul>		<b>12,954.3</b>
<b>Living Wage Estimate</b>  <b>Asia Floor Wage (3 adults, 1 earner)</b>	<ul style="list-style-type: none"> <li>Cost of basic needs value for workers in free trade zones and outside free trade zones. Includes food (1900 calories per capita) plus non-food goods and services.</li> <li>Value is per capita: 16702 (free trade zones) and 14906 (outside free trade zones).</li> <li>Multiplied by 2 for the household equivalent based on FLA assumptions (2 consumption units and 1 earner): 33,404 (free trade zones) and 29812 (outside free trade zones).</li> <li>Adjusted for inflation rate using IMF WEO CPI: 35082 (free trade zones) and 31309 (outside free trade zones)</li> </ul>	<u>Asia Floor Wage Alliance</u>	<b>48,608</b>
<b>Living Wage Estimate</b>  <b>Prasanna and Karuppuge (2 adults, 1 earner)</b>	<ul style="list-style-type: none"> <li>The cost of basic needs value for workers in free trade zones and outside free trade zones includes food (1900 calories per capita) plus non-food goods and services.</li> <li>Value is per capita: 16702 (free trade zones) and 14906 (outside free trade zones).</li> <li>Multiplied by two for the household equivalent based on two consumption units and one earner: 33,404 (free trade zones) and 29812 (outside free trade zones).</li> <li>Adjusted for inflation rate using IMF WEO CPI: 35082 (free trade zones) and 31309 (outside free trade zones)</li> </ul>	<u>Prasanna and Karuppuge</u>	<b>35,082 (free trade zones)</b> <b>31309 (outside free trade zones)</b>

# COMPENSATION COMPARISON ACROSS FACTORIES

**SRI LANKA** Currency: Sri Lanka Rupee (LKR)





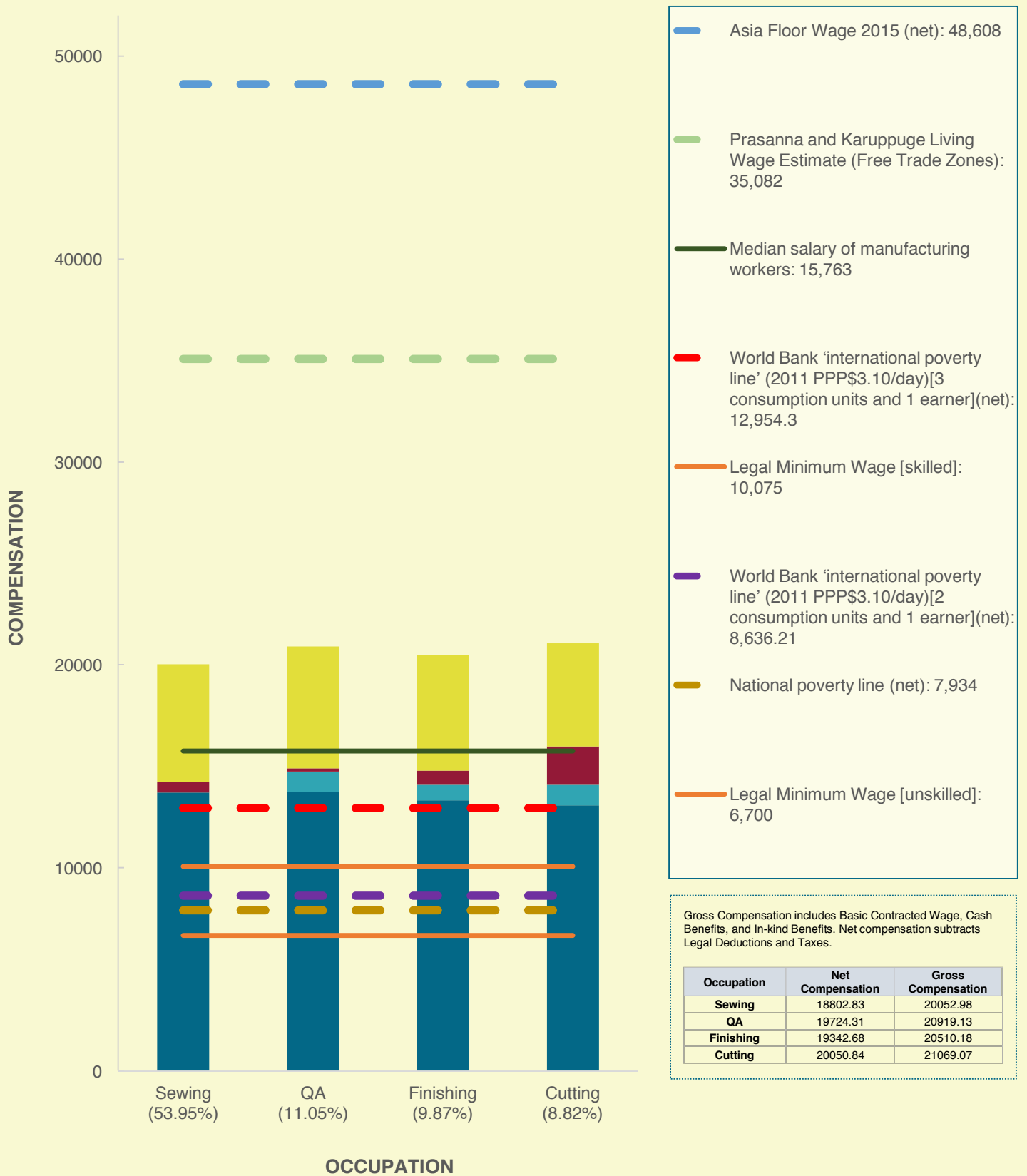
# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## SRI LANKA (1) *Currency: Sri Lanka Rupee (LKR)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## SRI LANKA (2) *Currency: Sri Lanka Rupee (LKR)*



Basic Contracted Wage

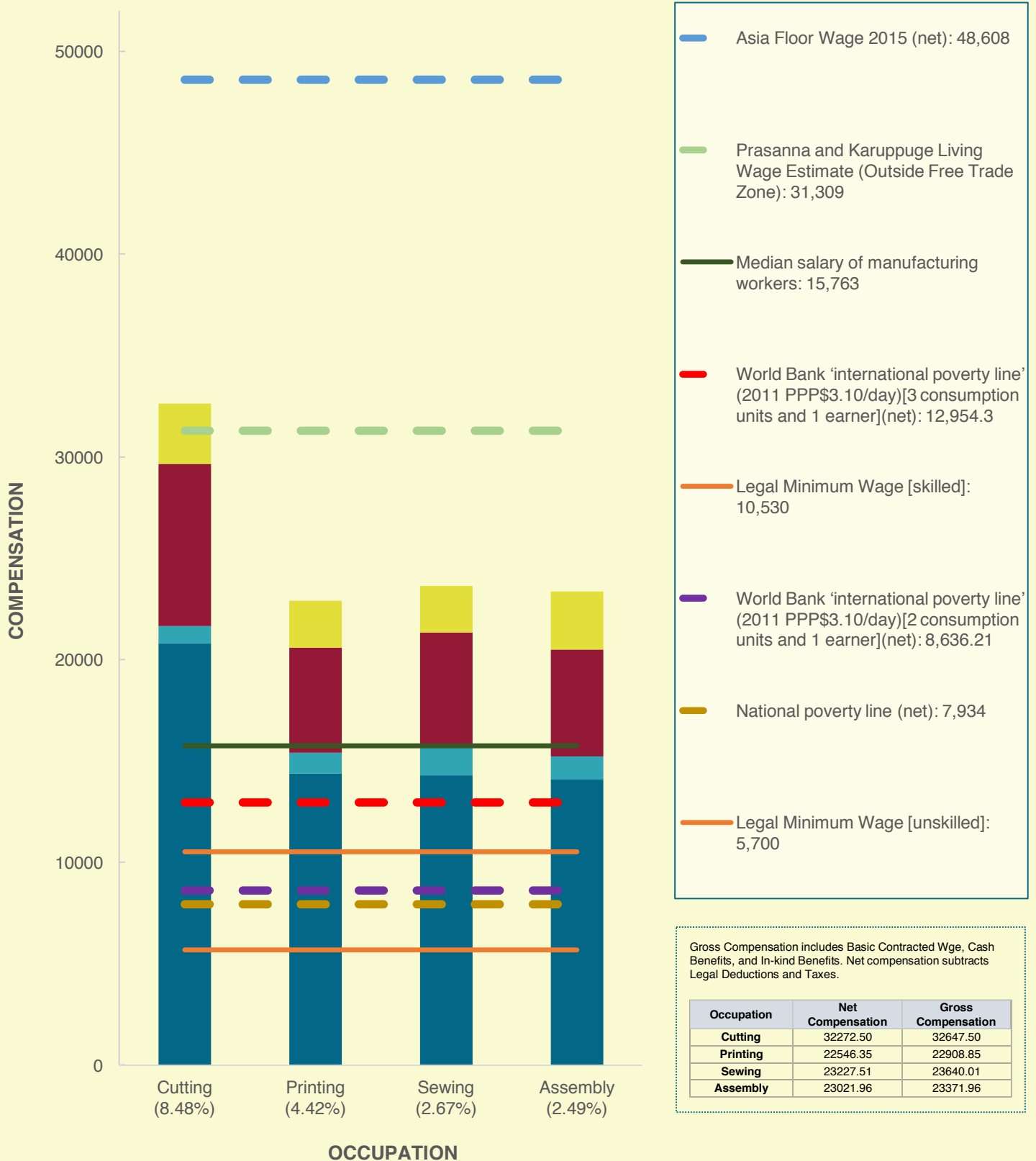
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## SRI LANKA (3) *Currency: Sri Lanka Rupee (LKR)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (TWD)
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>The minimum wage is set nationally every year by the National Minimum Wage Board in Ministry of Labor. It was 19,273 before July 1, 2015. It has been increased to 20,008 since then.</li> <li>FLA compensation data from Taiwan were collected before July 1, 2015, so the old legal minimum applies.</li> </ul>	<u>Ministry of Labor</u>	<b>19,273 before July 1, 2015; 20,008 afterwards</b>
<b>Industry/sector Wage Comparator</b>  <b>National Statistics Garment Worker Average Wage 2014</b>	<ul style="list-style-type: none"> <li>25085 Taiwanese Dollar (TWD) is the average monthly wage for garment and accessories manufacturing workers (see Table 3, page 3 of the report). This figure includes base wage, incentive bonuses, and overtime pay, and is before taxes and other legal deductions such as social insurance.</li> <li>There was deflation in Taiwan from 2014 to 2015. Rather than adjusting the value downwards, we use the 2014 figure.</li> </ul>	<u>Directorate General of Budget, Accounting and Statistics, Executive Yuan</u>	<b>25,085</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (TWD)
<b>National Poverty Lines (2 adults, 1 earner)</b>	<ul style="list-style-type: none"> <li>The lowest living expenses (poverty level) published by Ministry of Health and Welfare in Taiwan were TWD14,794 per person in Taipei, TWD11,832 per person in New Taipei City, TWD10,869 per person in Taiwan Province, and TWD 11,890 per person in Kaohsiung City for 2014.</li> <li>We use the figure for Taiwan Province as most factories in the garment industry locate in smaller cities and counties of Taiwan Province, rather than larger cities such as Taipei and Kaohsiung.</li> <li>Assume two consumption units per household: <math>10869 \times 2 = 21738</math></li> </ul>	<u>Ministry of Health and Welfare 2015</u>	<b>21,738</b>
<b>World Bank 'international extreme poverty line' (2011 PPP\$ 1.90 / day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at PPP\$3.10/day.</li> <li>The \$3.10 equivalent is <math>(15.60 \times 3.1) = \text{TWD } 48.35</math></li> <li>On a monthly basis, this is <math>(\text{TWD } 48.35 \times (365/12)) = \text{TWD } 1470.76</math>.</li> <li>Adjusted for inflation since 2014, <math>103.87 (\text{CPI } 2015)/103.97 (\text{CPI } 2014) \times \text{TWD } 1470.76 = \text{TWD } 1469.29</math></li> <li>The household equivalent assuming two consumption units and one earner is TWD 2938.58.</li> </ul>	<u>WB 2011 ICP</u>	<b>2,938.58</b>
	<ul style="list-style-type: none"> <li>The household equivalent assuming three consumption units and one earner is TWD 4407.87.</li> </ul>		<b>4,407.87</b>

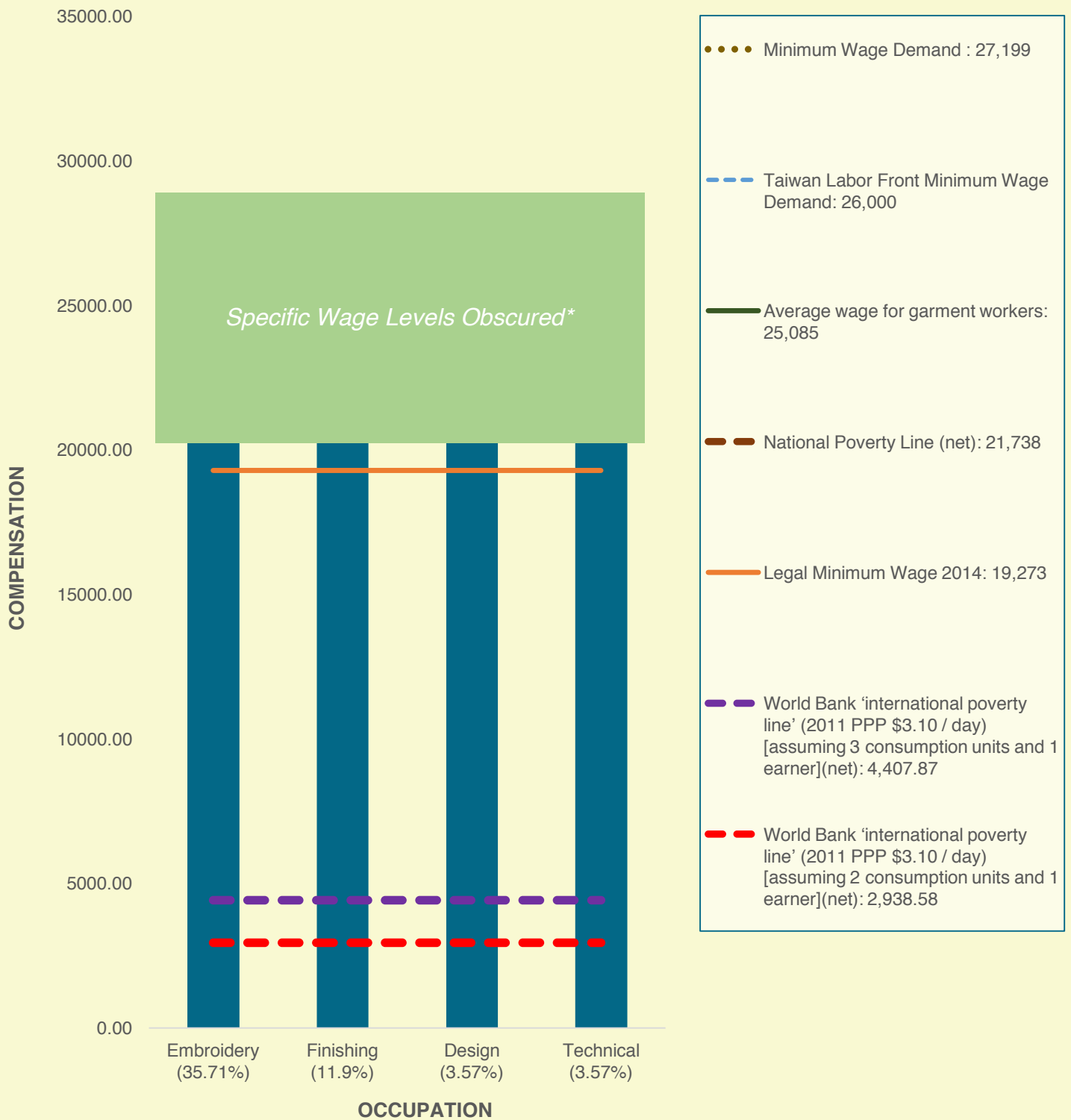
# TAIWAN

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (TWD)
<b>Union Wage Demand</b>  <b>Labor Minimum Wage Demand (3.21 members family, 1.46 earners)</b>	<p>The labor of demand of 26,000 is based on two living wage figures 25,997 and 24,934 (based on two formulae):</p> <p>(1) TAIWAN LABOR FRONT 'S 1ST FORMULA: Based on 2013 household income and expenditure survey, the average population per household was 3.21, and the average employed population per household was 1.46, that is, the average dependent population was 1.75 Employment to dependency ratio = <math>1 + (\text{dependents} / \text{employed population}) = 1 + 1.75 / 1.46 = 2.20</math></p> <ul style="list-style-type: none"> <li>Basic wage = the minimum cost of living adjusted by the national proportion of the population (labor the Ministry of estimate ) * employment to dependency ratio = <math>11,817 * 2.20 = 25,997</math></li> </ul> <p>(2) TAIWAN LABOR FRONT'S 2ND FORMULA: Based on 2013 survey from Comptroller General Office, the labor force is 1130 million and employed population is 1083.4 million labor force to the employed population ratio = <math>10,834,000 / 11,300,000 = 0.96</math></p> <ul style="list-style-type: none"> <li>Average labor force per household = employed population/labor force = <math>1.46 / 0.96 = 1.52</math></li> <li>Labor to dependency ratio = <math>1 + (\text{dependent population} / \text{labor force}) = 1 + (1.69 / 1.52) = 2.11</math></li> <li>Basic wage = <math>11,817 * 2.11 = 24,934</math></li> </ul>	<u>Taiwan Labor Front</u>	<b>26,000</b>
<b>Minimum Wage Demand (3.21 members family, 1.46 earners)</b>	<ul style="list-style-type: none"> <li>Value calculated by economist and professor Kenneth Shang-Kai Lin (National Taiwan University) using the following formula:</li> <li>Based on official statistics of 2014, the average number of persons per household is 3.21, and the average number of income earners is 1.46. Thus the average dependents per household is <math>3.21 - 1.46 = 1.75</math>, and the ratio of employment to dependency per household is <math>1 + (1.75 / 1.46) = 2.20</math>. The official statistics of 2014 also indicate that the minimum cost of living on average per person is 12363.</li> <li>Therefore, the minimum wage should be: The minimum cost of living <math>12,363 * 2.2</math> (adult equivalent) = TWD 27,199</li> </ul>	<u>Lin 2015</u>	<b>27,199</b>

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## TAIWAN *Currency: New Taiwan Dollar (TWD)*



Basic Contracted Wage	Cash Benefit	In-Kind Benefit	Incentives
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\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

# THAILAND

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (THB)
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>The legal minimum wage is Thai Baht (THB) 300 per workday</li> <li>The average paid days/month are 26.08 days, so the legal minimum wage is THB 300*26.08 = THB 7,824 monthly</li> </ul>	<u>Ministry of Labour</u>	<b>7,824</b>
<b>Industry/sector Wage Comparator</b>  <b>Average Monthly Wages in Manufacturing</b>	<ul style="list-style-type: none"> <li>Average basic wage for Quarter 3 (July-September) 2015 was 12,307.3 and average bonus was 9.4</li> <li>Average monthly wage was 12,307.3 + 9.4=12316.7</li> <li>Average monthly wage with in kind benefits was 13332.3: [Basic wage + bonus + in kind (1015.6)]: 12316.7 + food (511) clothing (21) and housing (132.7) and others (350.9) in kind benefits = 13332.3. Note: Cash 'benefits' including overtime and other income are not included as it is unclear what other income refers to, and, consistent with a living wage analysis, wages compared should not include overtime.</li> </ul>	<u>National Statistics Office of Thailand</u>	<b>12316.7 average wage; 13332.3 average wage + in kind benefits</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (THB)
<b>National Poverty Lines (2 adults)</b>	<ul style="list-style-type: none"> <li>2,647 Value (poverty line, monthly, per capita) provided in Database of indicators of poverty and income distribution (converted to 2014)</li> <li>There was a deflation in Thailand from 2014 to 2015. Rather than adjusting the value downwards, we use the 2014 figure.</li> <li>Assume two adult consumption units: 5294</li> </ul>	<u>Office of the National Economic and Social Development Board</u>	<b>5,294</b>
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10 / day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at PPP\$3.10/day.</li> <li>The \$3.10 equivalent is (12.32 * 3.1) = THB 38.19</li> <li>On a monthly basis, this is (THB 38.19* (365/12)) = THB 1,161.67.</li> <li>Adjusted for inflation, this amount is [106.35 (CPI 2015)/107.26 (CPI 2014) * THB 1,161.67] THB 1,151.73/person/month</li> <li>The household equivalent of THB 1,151.73, assuming two consumption units and one earner is THB 2,303.46/month.</li> </ul>	<u>WB 2011 ICP</u>	<b>2,303.46</b>
	<ul style="list-style-type: none"> <li>The household equivalent of THB 1,151.73, assuming three consumption units and one earner is THB 3,455.19/month.</li> </ul>		<b>3,455.19</b>

# THAILAND

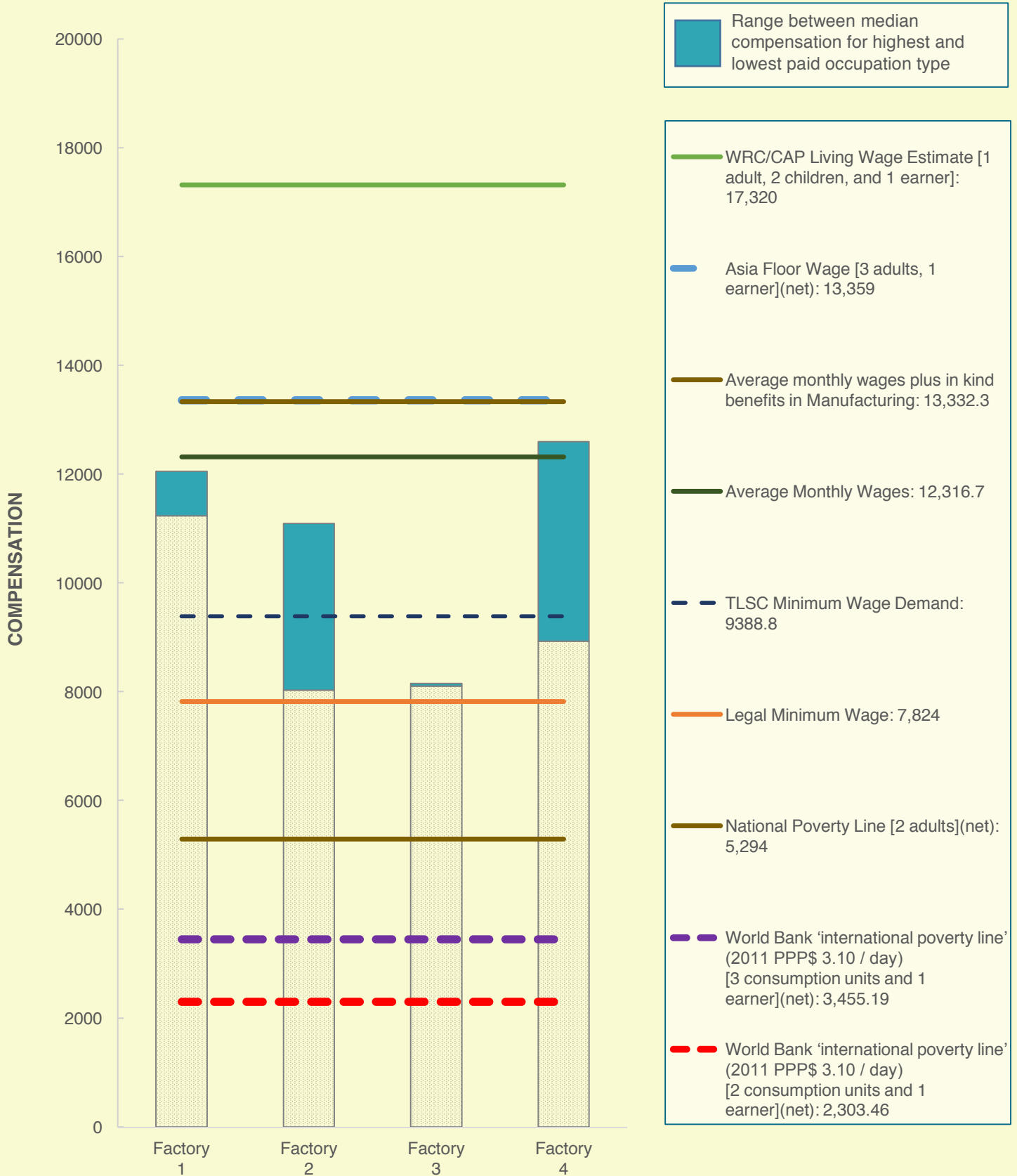
## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (THB)
<p><b>Living Wage Estimate</b></p> <p><b>Asia Floor Wage (3 adults, 1 earner)</b></p>	<ul style="list-style-type: none"> <li>Asia Floor Wage Alliance (latest revision found from 2015—1021PPP\$)—A standard PPP\$ based estimate for East and Southeast Asian countries applicable to manufacturing industries (based on a 3000 kcal diet for a three-adult-equivalent household with a single earner)</li> <li>Food basket research was done in Cambodia, India, Indonesia and Sri Lanka to obtain the country Asia Floor Wage figures. For other Asian countries where food basket research was not conducted, the figures were extrapolated.</li> </ul>	<p><u>Asia Floor Wage Alliance</u></p>	<p><b>13,359</b></p>
<p><b>Living Wage Estimate</b></p> <p><b>Worker Rights Consortium/CAP (1 adult, 2 children, and 1 earner)</b></p>	<ul style="list-style-type: none"> <li>The figure comes from a paper prepared for the Center for American Progress (CAP) by the Worker Rights Consortium (WRC). The living wage figure for Dominican Republic for 2011 was DOP 21,236.96 (based on the 2008 WRC living-wage figure and adjusted using consumer-price-inflation from the World Bank, see p.16 and Table 2 in p.18 of the report). The WRC assumed that the average worker has a family of four, and that one of the family members represents an additional wage earner whose income covers one-quarter of a family's expenses. The living wage for a full-time worker is based on the amount that is sufficient to cover the expenditures of three of the four family members—one adult and two school-age children.</li> <li>Figure of 16270.16 THB (2011) for Thailand was extrapolated from Dominican Republic 21,236.96 DOP/ household/ month (2011) using PPP\$ conversion factors and adjusting for CPI inflation (see p.16 and Table 2 in p.18 of the report).</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 17302</li> </ul>	<p><u>WRC/CAP</u></p>	<p><b>17,302</b></p>
<p><b>Union Demand</b></p> <p><b>Minimum wage demand</b></p>	<ul style="list-style-type: none"> <li>Led by Thai Labour Solidarity Committee (TLSC), workers are calling for a higher minimum wage of 360 Bhat per day.</li> <li><math>360 * 26.08 \text{ (days)} = 9388.8 \text{ (monthly)}</math></li> </ul>	<p><u>Thai Labour Solidarity Committee (TLSC)</u></p>	<p><b>9388.8</b></p>



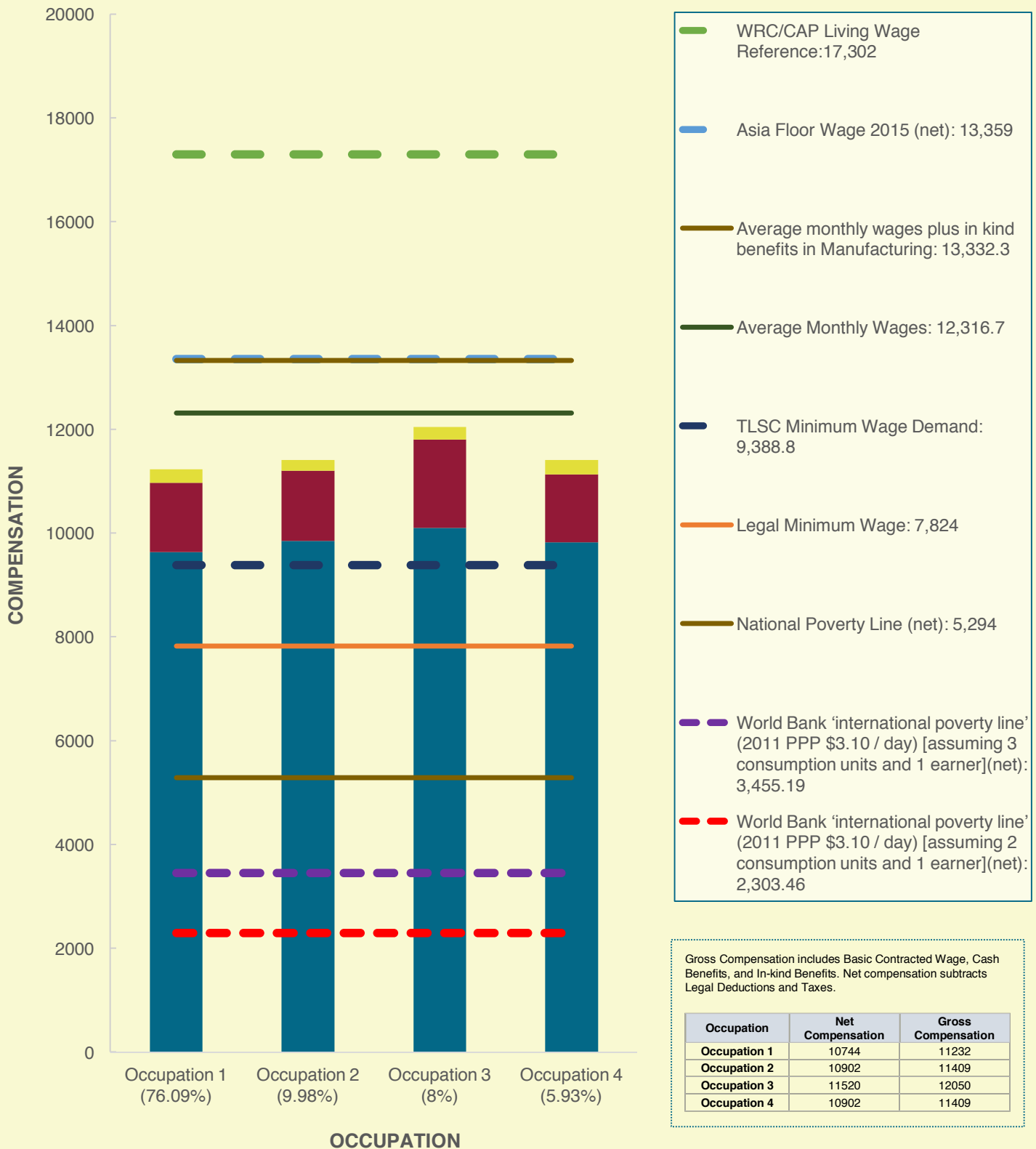
# COMPENSATION COMPARISON ACROSS FACTORIES

**THAILAND** *Currency: Baht (THB)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

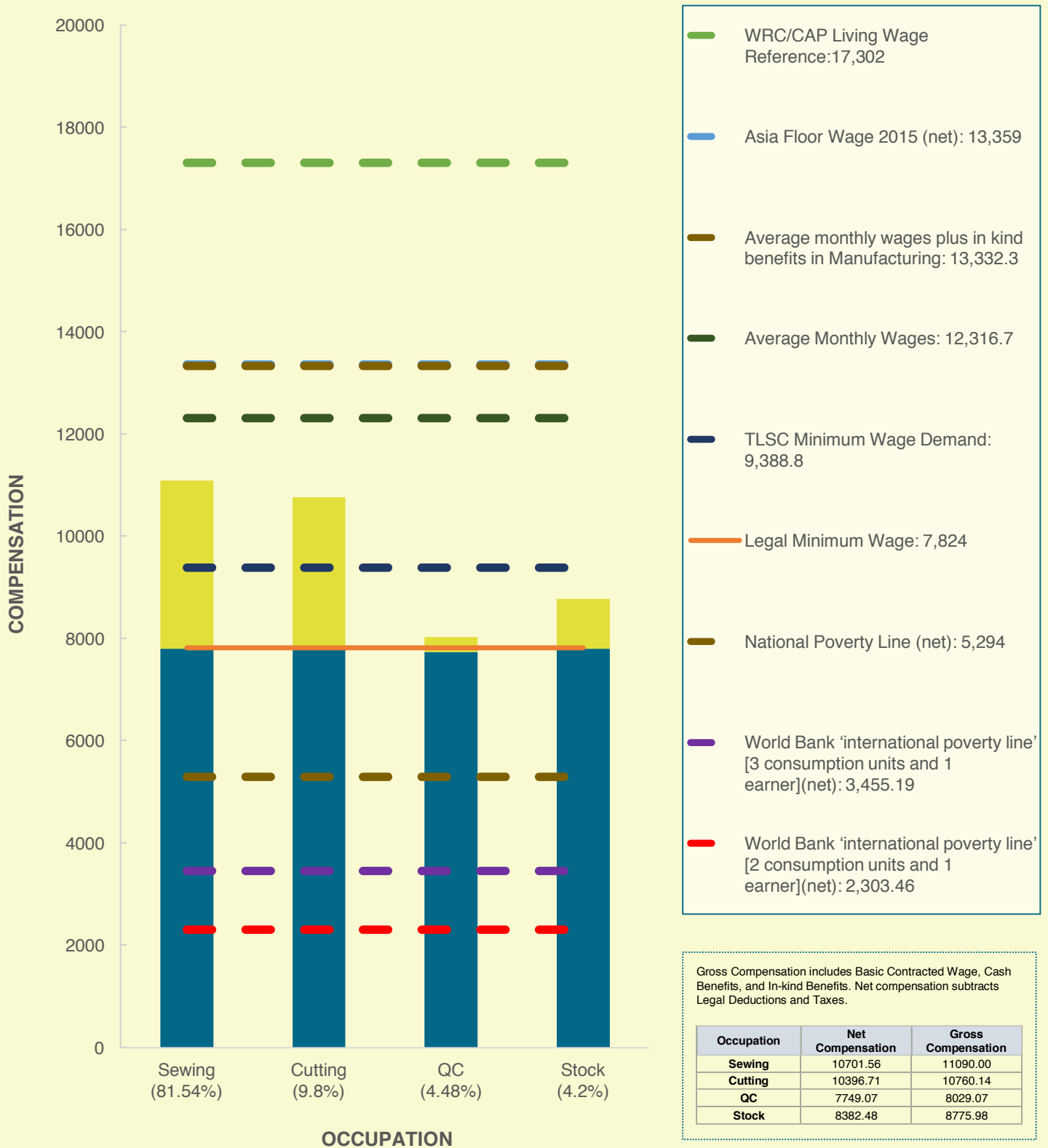
## THAILAND (1) *Currency: Baht (THB)*



Gross Compensation includes Basic Contracted Wage, Cash Benefits, and In-kind Benefits. Net compensation subtracts Legal Deductions and Taxes.

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## THAILAND (2) *Currency: Baht (THB)*



Basic Contracted Wage

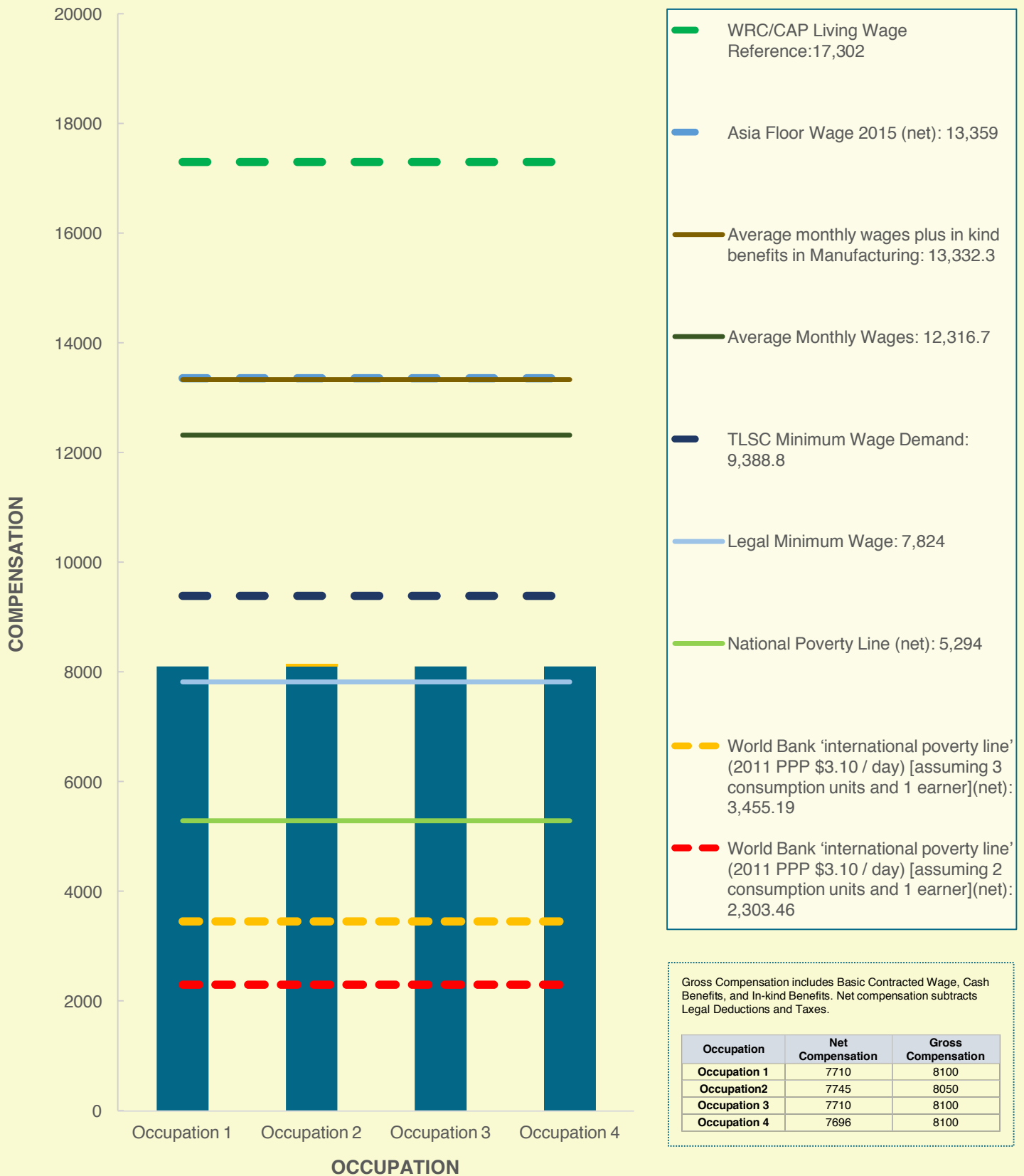
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## THAILAND (3) *Currency: Baht (THB)*



Basic Contracted Wage

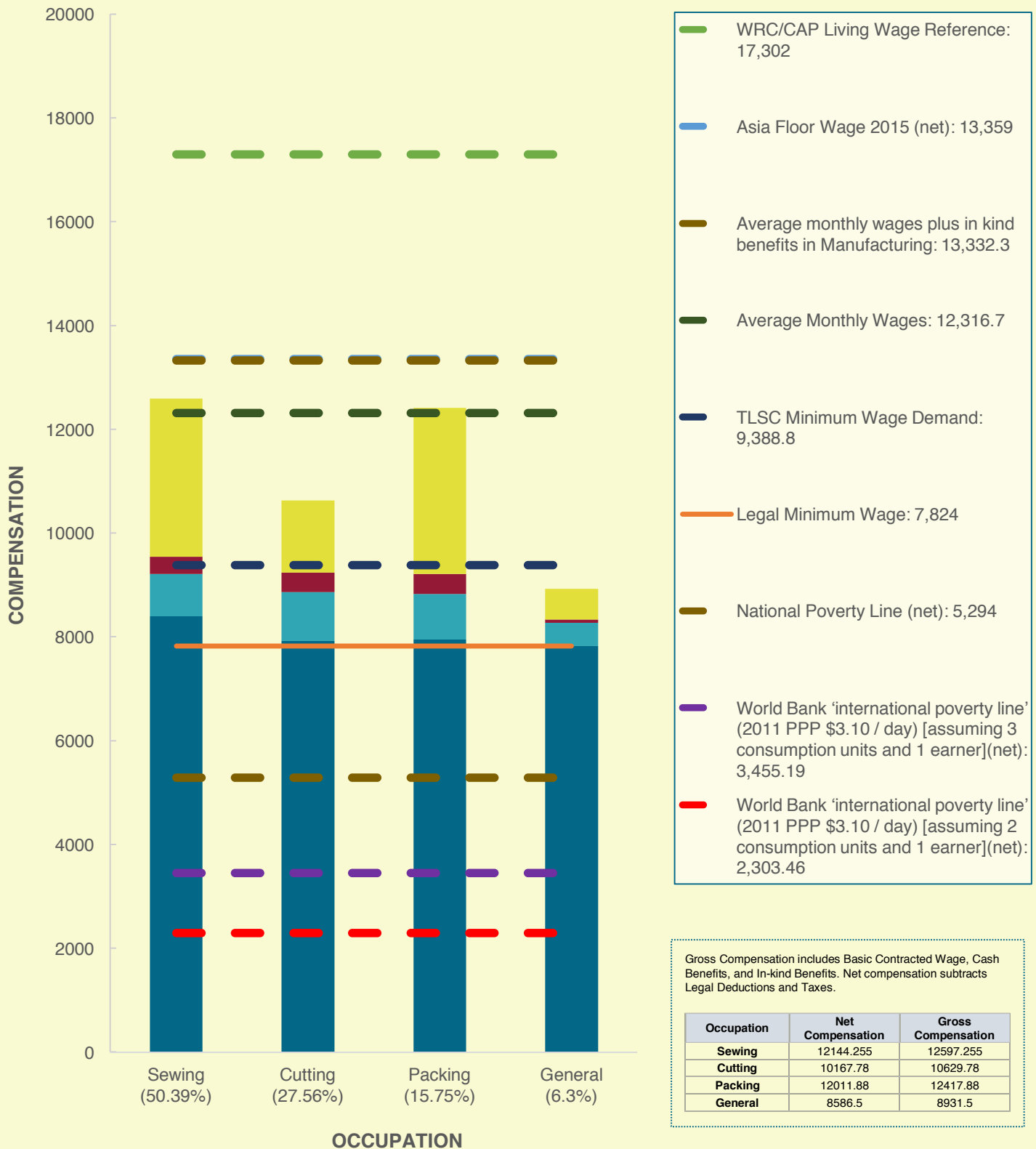
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## THAILAND (4) *Currency: Baht (THB)*



# TURKEY

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (TRY)
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>The national minimum gross wage was 1,134 Turkish Lira (TRY) for the period of July 1, 2014—December 31, 2014; 1,201 for the period of January 1, 2015—June 30, 2015; and 1,273.50 for the period of July 1, 2015—December 31, 2015.</li> </ul>		<p><b>July 1, 2014 to December 31, 2014: 1,134</b></p> <p><b>January 1, 2015 to June 30, 2015: 1,201</b></p> <p><b>July 1, 2015 to December 31, 2015: 1,273</b></p>
<b>Industry/sector Wage Comparator</b>  <b>Average earning—apparel manufacturing</b>	<ul style="list-style-type: none"> <li>Information gathered through the Labour Cost Survey 2012, conducted by TurkStat, was based on costs reported by employers, including wages for workers.</li> <li>The monthly average gross earnings for workers in the apparel industry was TRY 1,166 in 2012.</li> <li>Monthly gross earning includes the sum of gross wages, irregular payments, in-kind payments, and payments made to employee's saving schemes. These earnings are averaged to determine a monthly figure the reference year.</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 1465.86</li> </ul>	<u>TurkStat</u>	<b>1,465.86</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (TRY)
<b>National Relative Poverty Line (2 adults, 1 earner)</b>	<ul style="list-style-type: none"> <li>Relative poverty is measured by TurkStat at 40, 50, 60, and 70 percent of median equivalised household income.</li> <li>For purposes of comparison with other middle-income countries, we use the standard Eurostat/OECD relative poverty threshold of 60 percent of median household equivalised income. In 2014, the 60 percent line by TurkStat was TRY 6665/year and TRY 555.42/month.</li> <li>Monthly household equivalent (assuming two adult-consumption units and one earner): 1111</li> <li>Adjusted for inflation using IMF WEO CPI (to 2015 value): 1193.66</li> </ul>	<u>TurkStat</u>	<b>1,193.66</b>

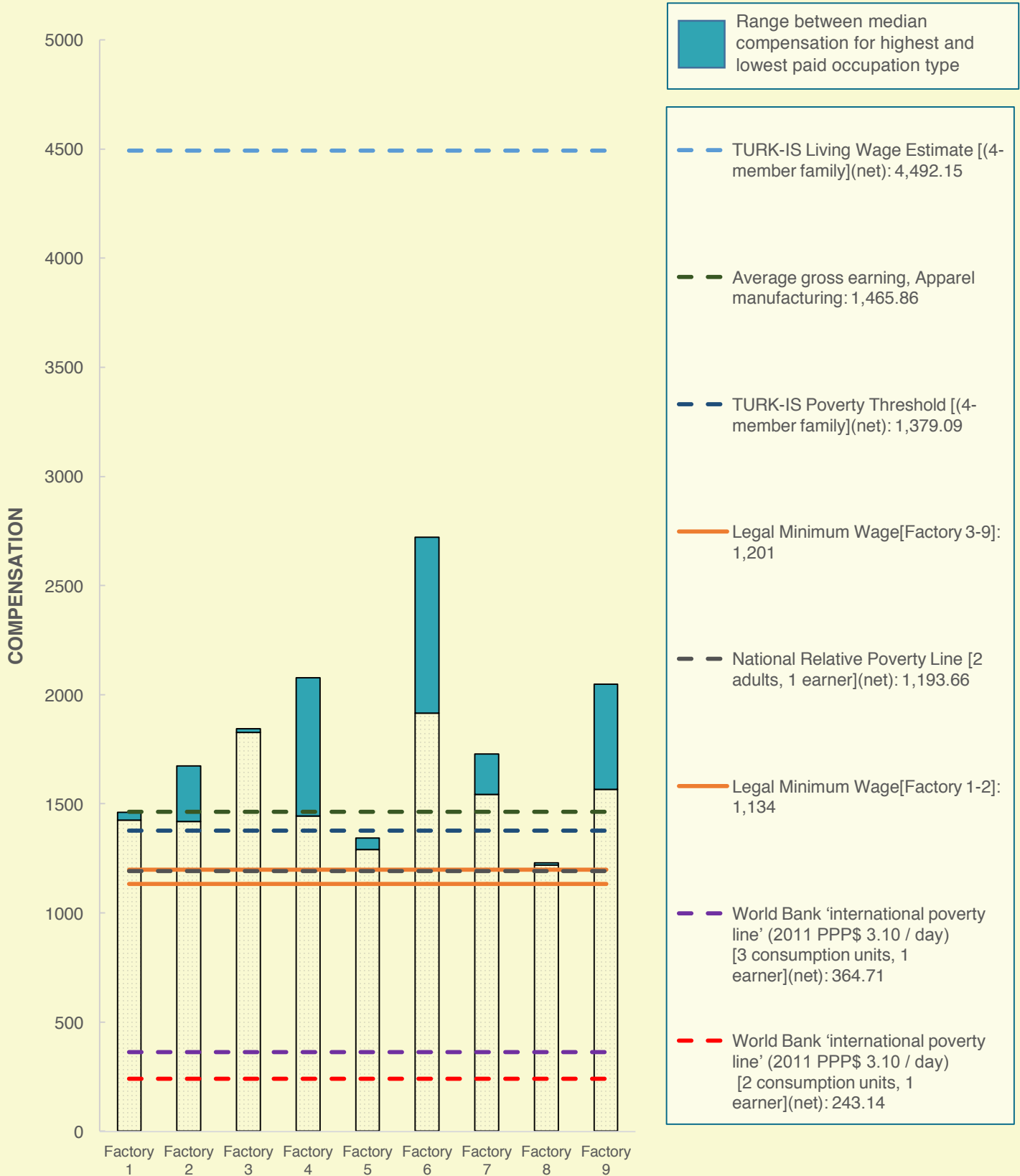
# TURKEY

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (TRY)
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at Purchasing Power Parity (PPP)\$3.10/day.</li> <li>The 2011 PPP conversion factor for Turkey in 2014 is 1.20</li> <li>The \$3.10 equivalent is (TRY 1.20 * 3.1) = TRY 3.72</li> <li>On a monthly basis, this is (3.72* (365/12)) = TRY 113.15</li> <li>Adjusted for inflation since 2014, [260.03 (CPI 2015)/242.020 (CPI 2014)—IMF WEO 2015] * TRY 113.15 = TRY 121.57</li> <li>The household equivalent assuming two consumption units and one earner is TRY 243.14.</li> </ul>	<u>WB 2011 ICP</u>	<b>243.14</b>
	<ul style="list-style-type: none"> <li>The household equivalent assuming three consumption units and one earner is TRY 364.71.</li> </ul>		<b>364.71</b>
<b>Living Wage Estimate</b>  <b>TURK-IS Poverty Threshold 2015 (4-member family)</b>	<ul style="list-style-type: none"> <li>TRY 1,379.09/household/month</li> <li>Estimate of poverty line: starvation level ("Limit of Hunger") for a family of four as of October 2015.</li> <li>Living wage estimate produced by TURK-IS, the Confederation of Turkish Trade Unions. The estimate is calculated based on a nutrition model of a family of four and the minimum food expenses are determined based on price of the surrounding areas of Ankara. The assumption of this estimate is that a typical family of four includes one adult male (3500 Cal/day), one adult female (2300 Cal/day), one 15-19 year old male (3200 CAL/day), and one 4-6 year old child (1600 CAL/day). The Starvation Level Living Wage is defined as a living wage that can support the food consumption.</li> </ul>	<u>TURK-IS</u>	<b>1,379.09</b>
<b>Living Wage Estimate</b>  <b>TURK-IS Living Wage Estimate (4-member family)</b>	<ul style="list-style-type: none"> <li>TRY 4,492.15/household/month</li> <li>Trade union living wage estimate ("Limit of Poverty") for a family of four by TURK-IS, the Confederation of Turkish Trade Unions as of October 2015. The estimate is calculated based on a nutrition model of a family of four and the minimum food expenses are determined based on prices in the surrounding areas of Ankara. The assumption of this estimate is that a typical family of four includes one adult male (3500 Cal/day), one adult female (2300 Cal/day), one a 15-19 year old male (3200 CAL/day), and a 4-6 year old child (1600 CAL/day). The Poverty Level Living Wage is defined as a living wage that can support all basic consumption in addition to food, including clothing, sheltering, rent, electricity, gas, water, transportation, education, and health-related expenses.</li> </ul>	<u>TURK-IS</u>	<b>4,492.15</b>

# COMPENSATION COMPARISON ACROSS FACTORIES

**TURKEY** Currency: Turkish Lira (TRY)





# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## TURKEY (1) *Currency: Turkish Lira (TRY)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## TURKEY (2) *Currency: Turkish Lira (TRY)*



Basic Contracted Wage

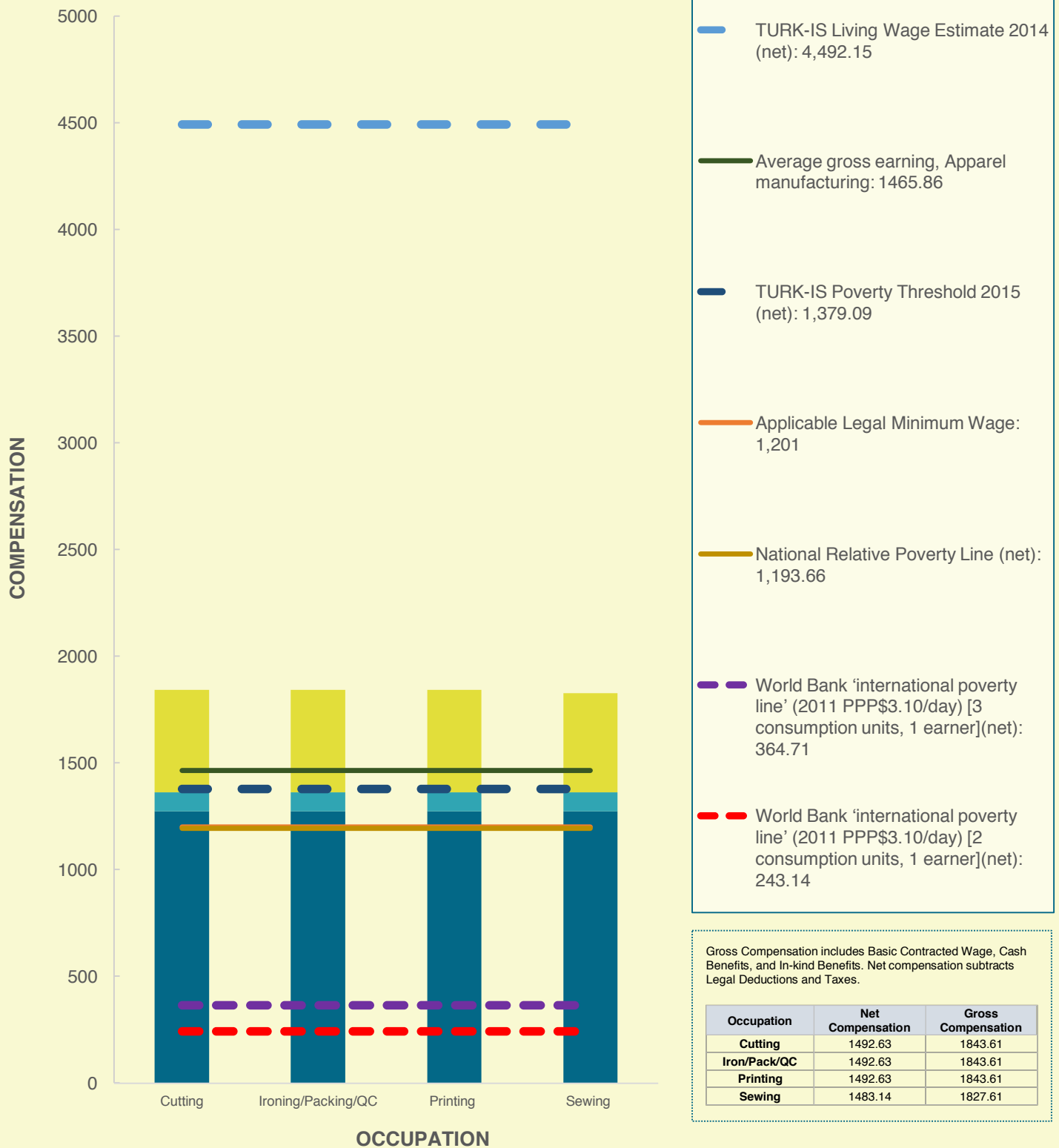
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## TURKEY (3) *Currency: Turkish Lira (TRY)*



Basic Contracted Wage

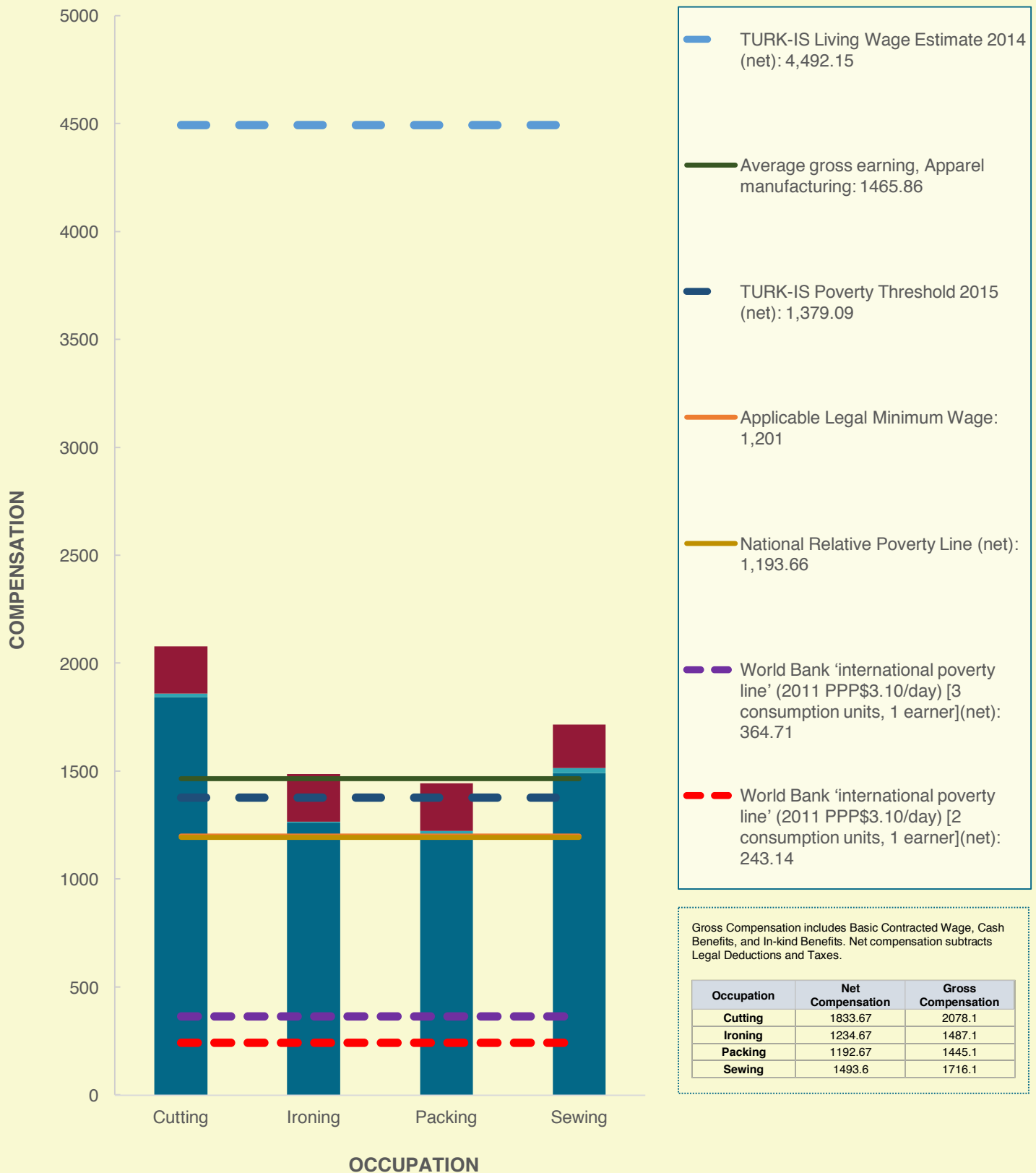
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## TURKEY (4) *Currency: Turkish Lira (TRY)*



Basic Contracted Wage

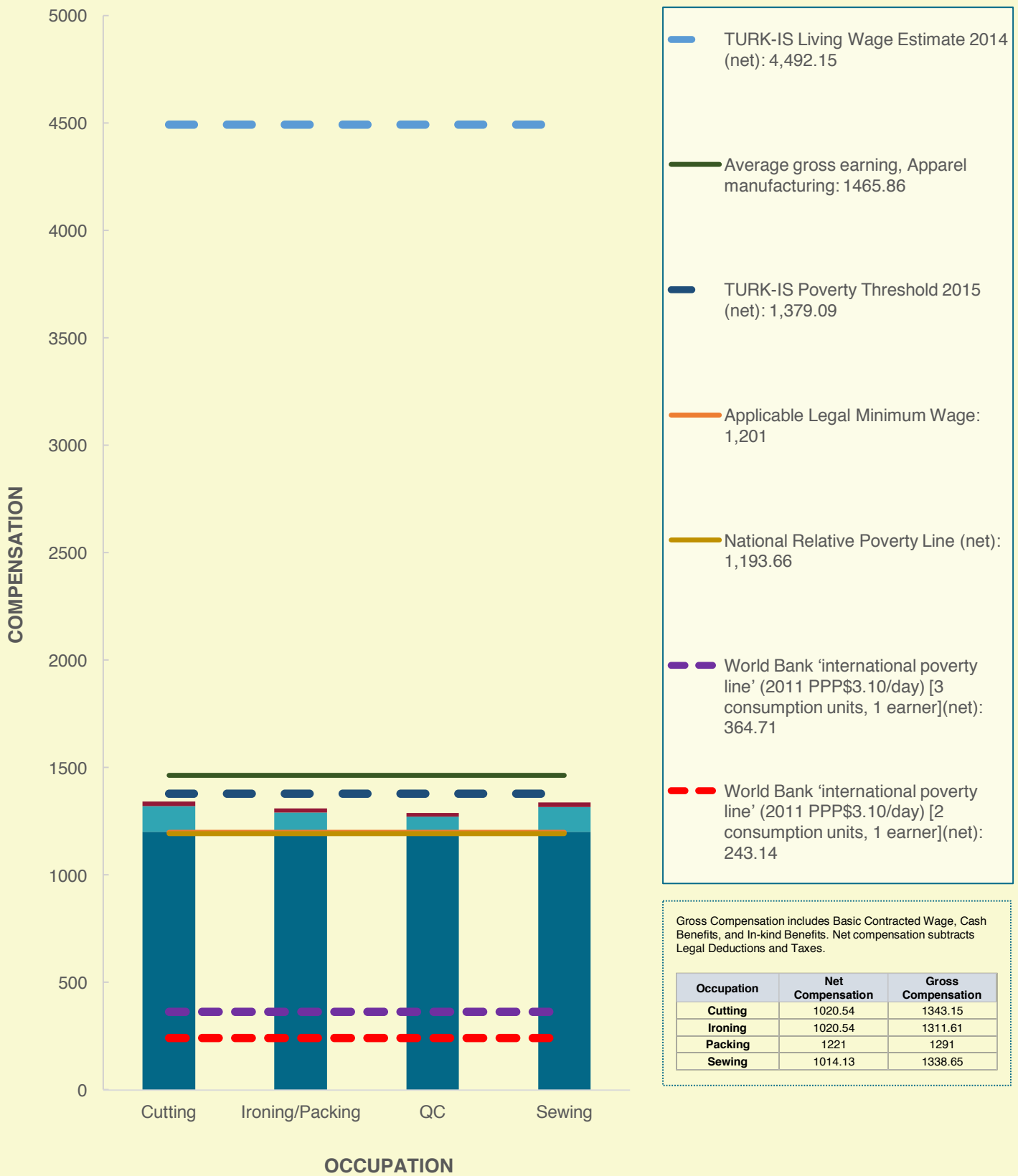
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## TURKEY (5) *Currency: Turkish Lira (TRY)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## TURKEY (6) *Currency: Turkish Lira (TRY)*



Basic Contracted Wage

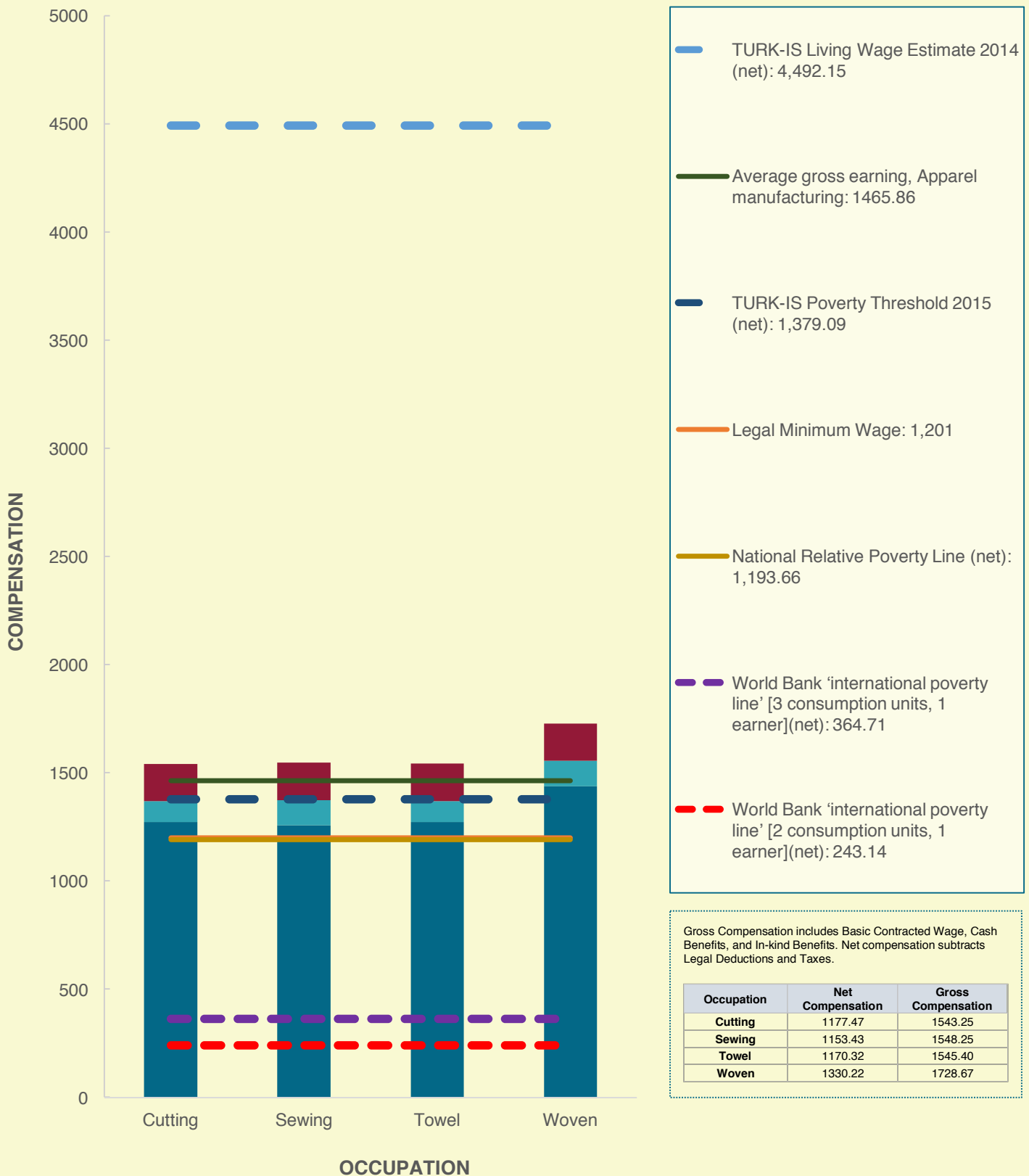
Cash Benefit

In-Kind Benefit

Incentives

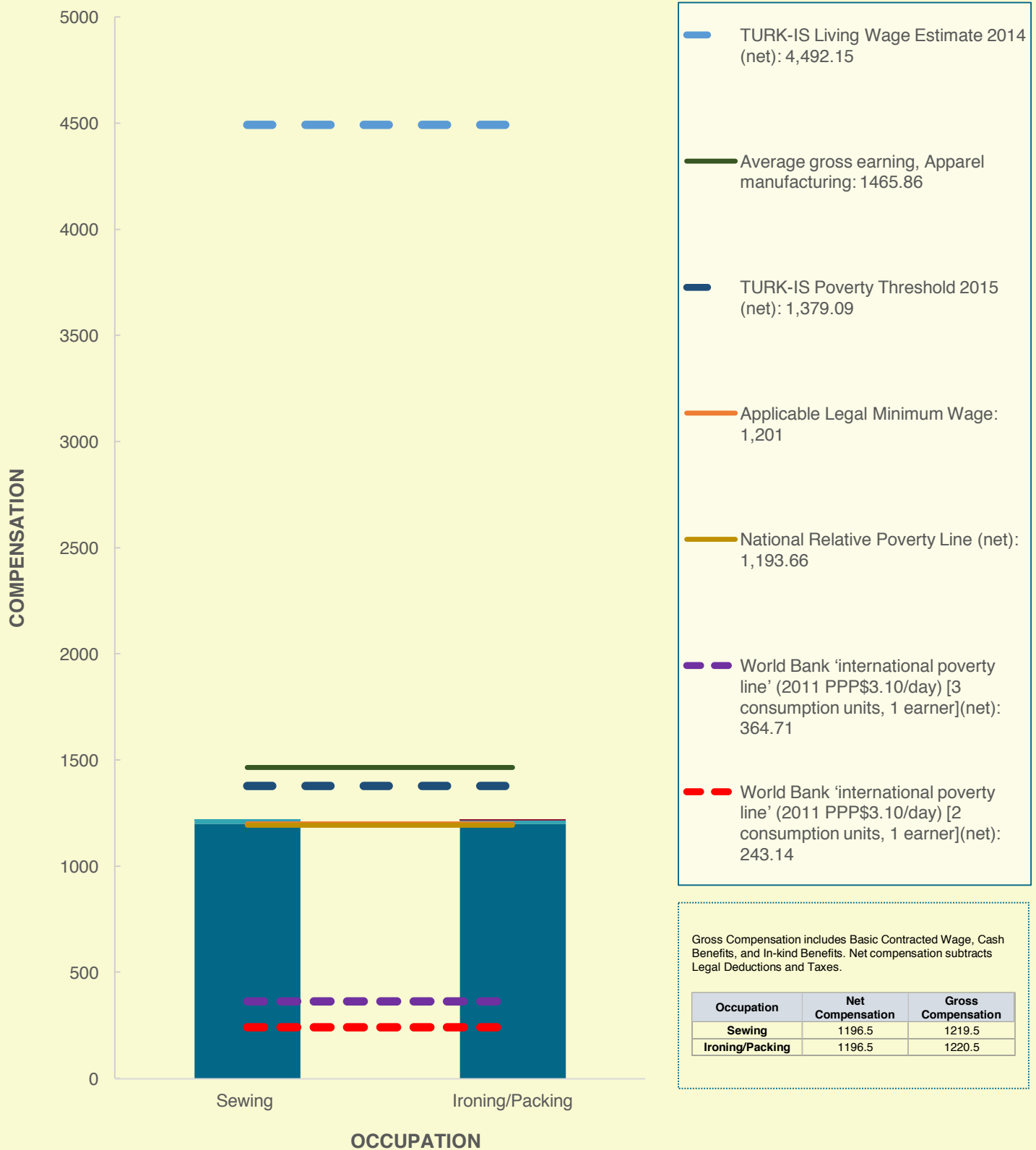
# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## TURKEY (7) *Currency: Turkish Lira (TRY)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## TURKEY (8) *Currency: Turkish Lira (TRY)*



Basic Contracted Wage

Cash Benefit

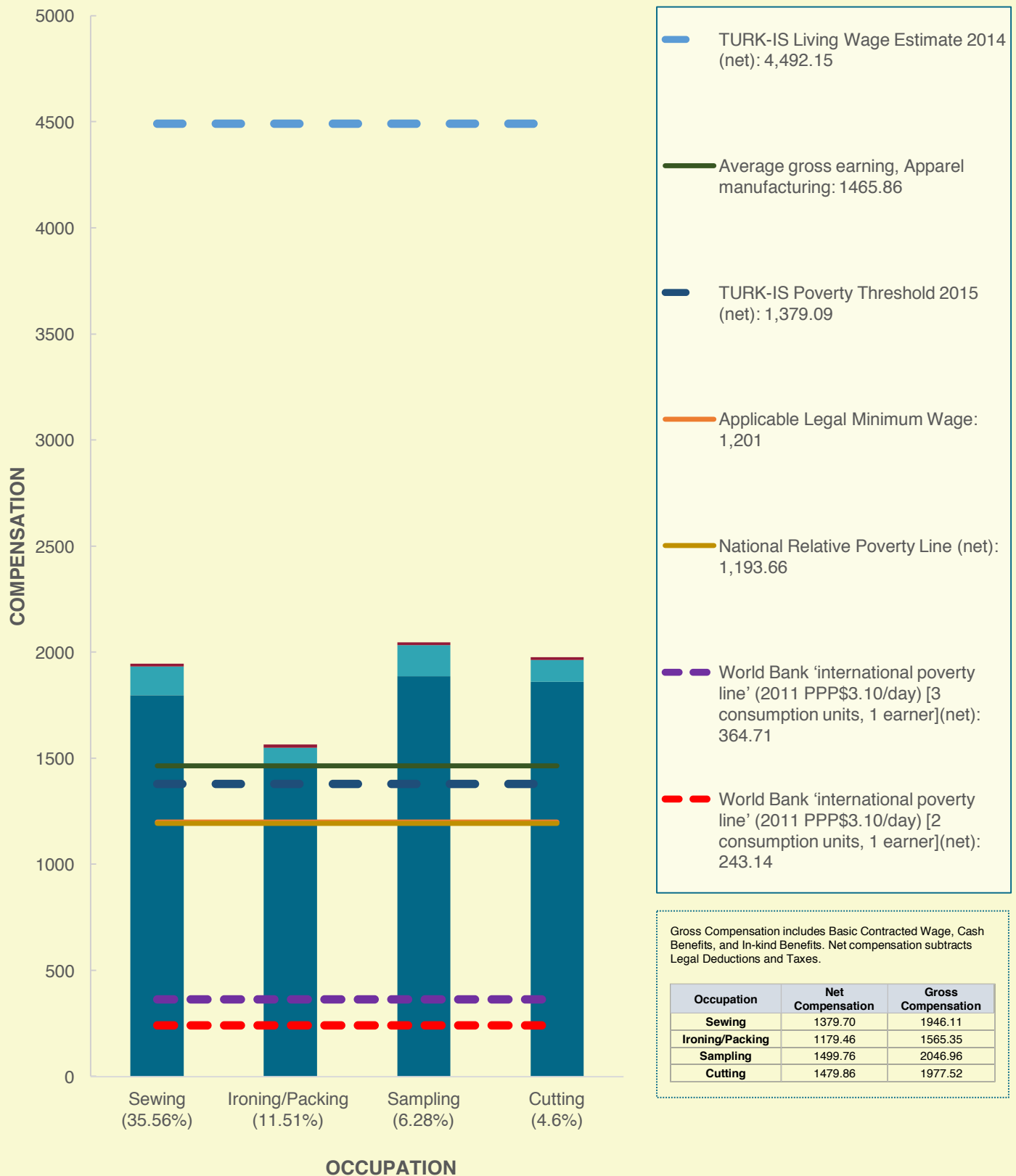
In-Kind Benefit

Incentives



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## TURKEY (9) *Currency: Turkish Lira (TRY)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (USD)
<b>Federal Minimum Wage</b>	<ul style="list-style-type: none"> <li>The United States Federal Minimum Wage is \$7.25 an hour. The average paid days/month = (365 (days)-52 (weeks) * 2 (rest days))/12 (months) = 21.75 days, so the legal minimum wage is \$7.25 * 8 (hours) * 21.75 (days) = \$1261.5 per month</li> </ul>	<u>United States Department of Labor</u>	<b>1,261.5</b>
<b>Industry/sector Wage Comparator</b>  <b>Average wage for garment workers</b>	<ul style="list-style-type: none"> <li>\$25,420 was the annual average wage for garment workers (Textile, Apparel, and Furnishings Workers, BLS code 51-6000), which is equivalent to \$2,118.3 per month. Latest from May 2015.</li> </ul>	<u>Bureau of Labor Statistics</u>	<b>2,118.3</b>

## INCOME AND POVERTY BENCHMARKS

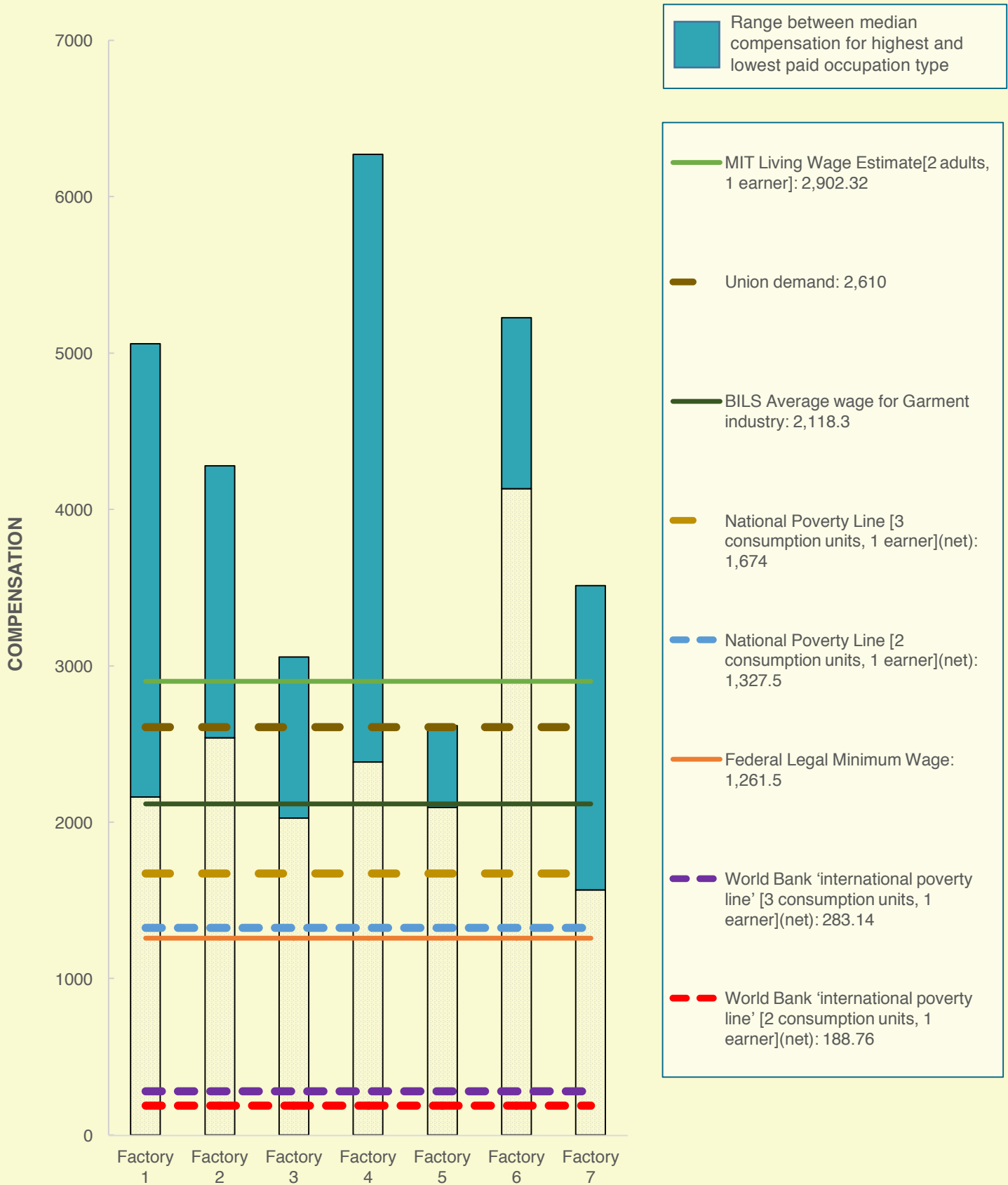
BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (USD)
<b>National Poverty Line (2-person and 3-person family)</b>	<ul style="list-style-type: none"> <li>Official poverty threshold updated each year by the Census Bureau. Applies to 48 contiguous states and the District of Columbia. The 2015 value for a one-person family = \$11,770, family of two = \$15,930, family of three = \$20,090</li> <li>Annual value converted to monthly: \$981/month for one; \$1,327.5/month for two; \$1,674/month for three.</li> </ul>	<u>Department of Health and Human Services</u>	<b>1327.5 for a family of 2; 1674 for a family of 3</b>
<b>World Bank 'international poverty line' (2011 PPP\$ 3.10/day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at Purchasing Power Parity (PPP)\$3.10/day.</li> <li>On a monthly basis, this is (USD 3.1* (365/12)) = \$94.29.</li> <li>Adjusted for inflation, this amount is [236.93 (CPI 2015)/236.71 (CPI 2014) * \$94.29] USD 94.38/person/month</li> <li>The household equivalent of \$94.38, assuming two consumption units and one earner is \$188.76/month.</li> </ul>	<u>WB 2011 ICP</u>	<b>188.76</b>
	<ul style="list-style-type: none"> <li>The household equivalent of USD 94.38, assuming three consumption units and one earner is \$283.14/month.</li> </ul>		<b>283.14</b>

## INCOME AND POVERTY BENCHMARKS

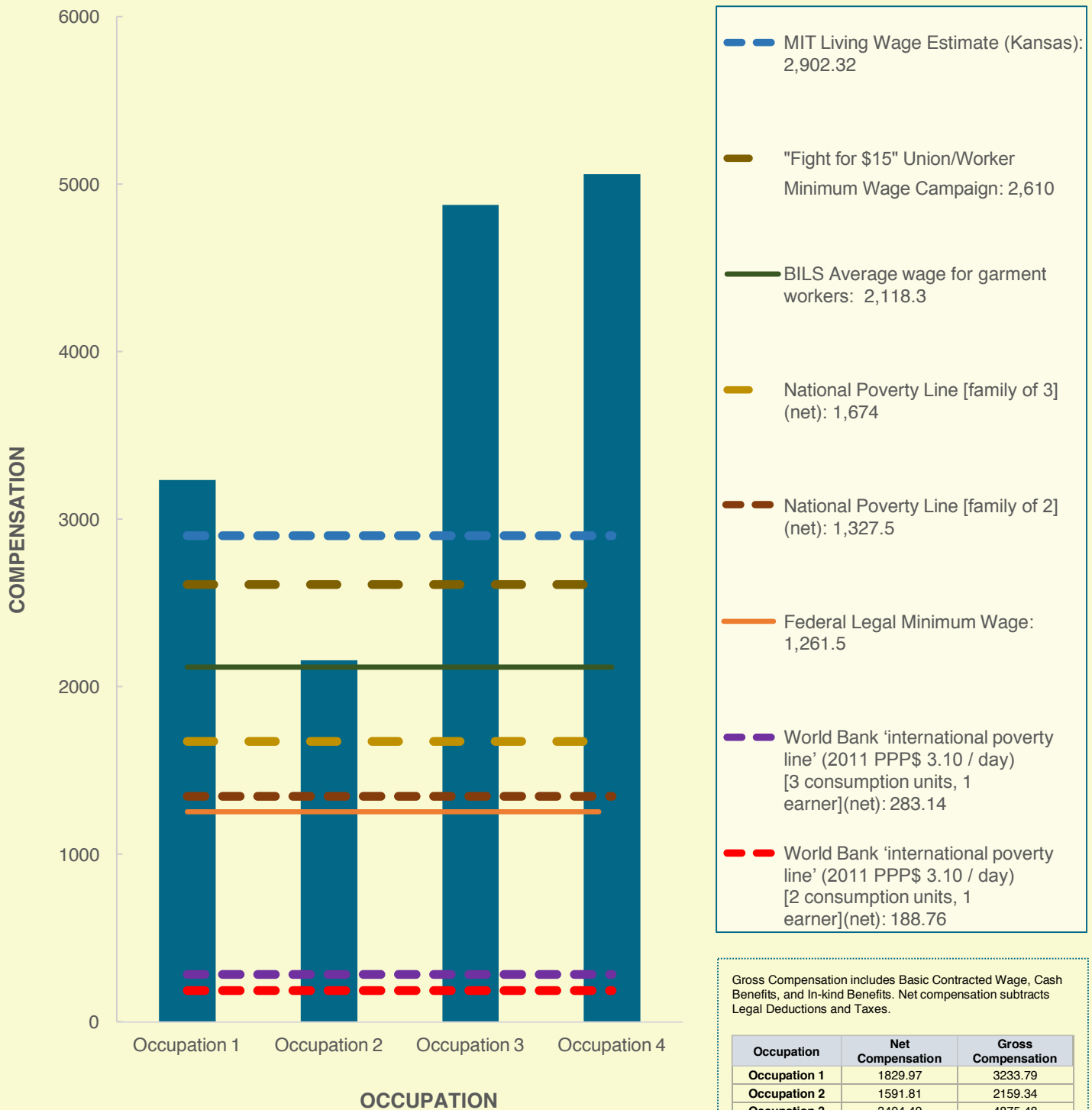
BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (USD)
<p><b>Living Wage Estimate</b></p> <p><b>MIT/Amy Glasmeier Living Wage estimate (2 adults, 1 earner)</b></p>	<ul style="list-style-type: none"> <li>Value selected with a single earner and two adults, as that is assumed closest to the FLA assumption of two consumption units and one earner.</li> <li>According to the US Census Bureau, the median household income was \$53,657 in 2014. <a href="http://www.census.gov/library/publications/2015/demo/p60-252.html">http://www.census.gov/library/publications/2015/demo/p60-252.html</a></li> <li>Among the regions, the median household income of Midwest region (54,267) was the closest to the national average. In addition, Kansas has a median household income of 53,444, the closest to the national average among the 50 states.</li> <li>The 2015 MIT living wage for Kansas as a whole is \$16.68/hour (for two adults and one working). Assuming a full-time 40 hour week with no overtime, this equates to <math>16.68 * 8 \text{ hours} * 21.75 \text{ working days} = 2,902.32/\text{month}</math>.</li> </ul>	<p><a href="#"><u>Living Wage Calculator</u></a></p>	<p><b>2,902.32 for Kansas</b></p>
<p><b>Union Wage Demand</b></p> <p><b>Union/Worker Centre “Fight for \$15” Minimum Wage campaign</b></p>	<ul style="list-style-type: none"> <li>Assuming a full time 40 hour week with no overtime, this equates to <math>15.00 * 8 \text{ hours} * 21.75 \text{ working days} = 2,610/\text{month}</math>.</li> <li>Not tied to any specific household size</li> </ul>	<p><a href="#"><u>Union/Worker Centre “Fight for \$15” campaign</u></a></p>	<p><b>2,610</b></p>

# COMPENSATION COMPARISON ACROSS FACTORIES

## UNITED STATES *Currency: US Dollar (USD)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS UNITED STATES (1) *Currency: US Dollar (USD)*



Basic Contracted Wage

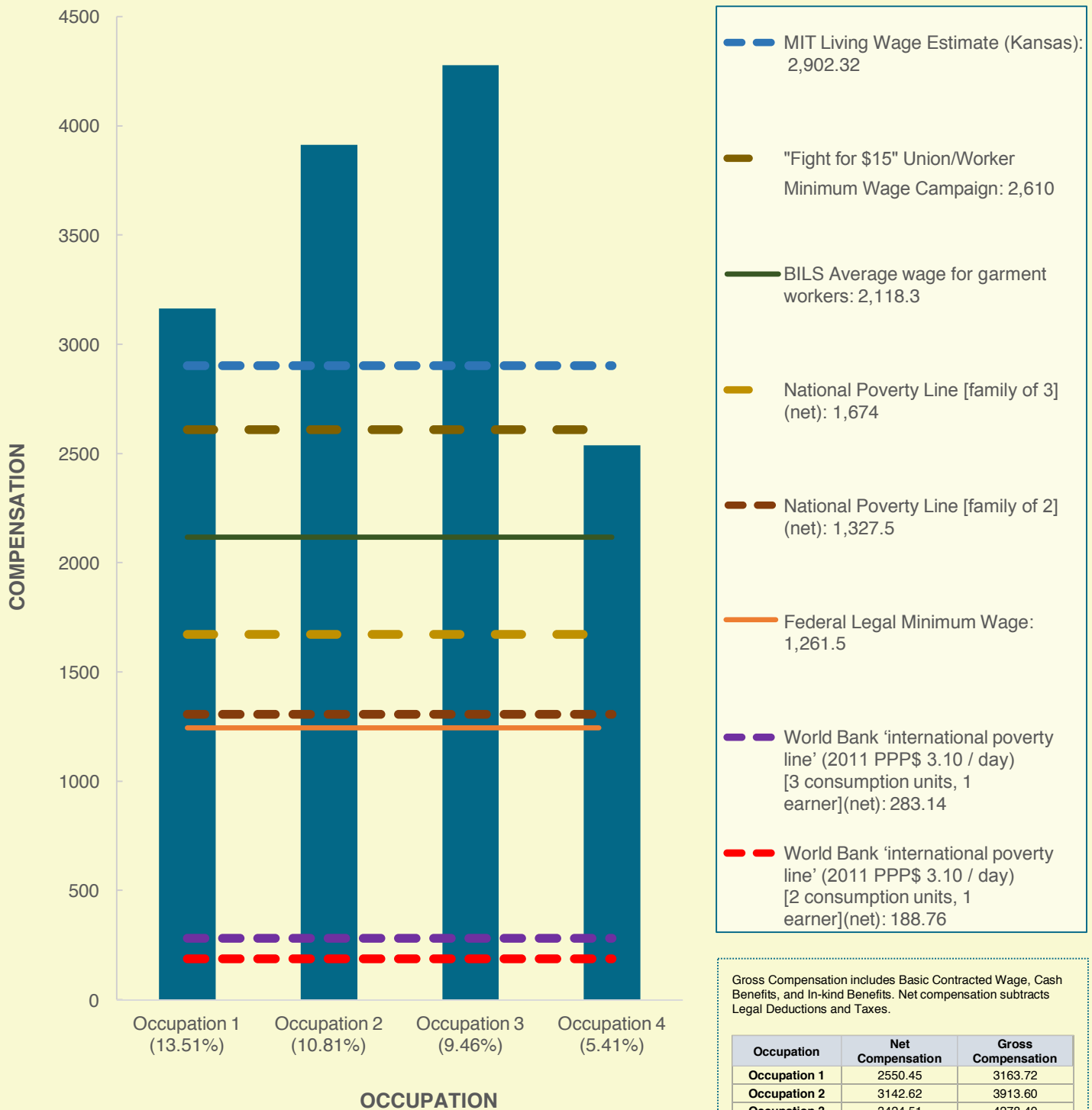
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (2) *Currency: US Dollar (USD)*



Basic Contracted Wage

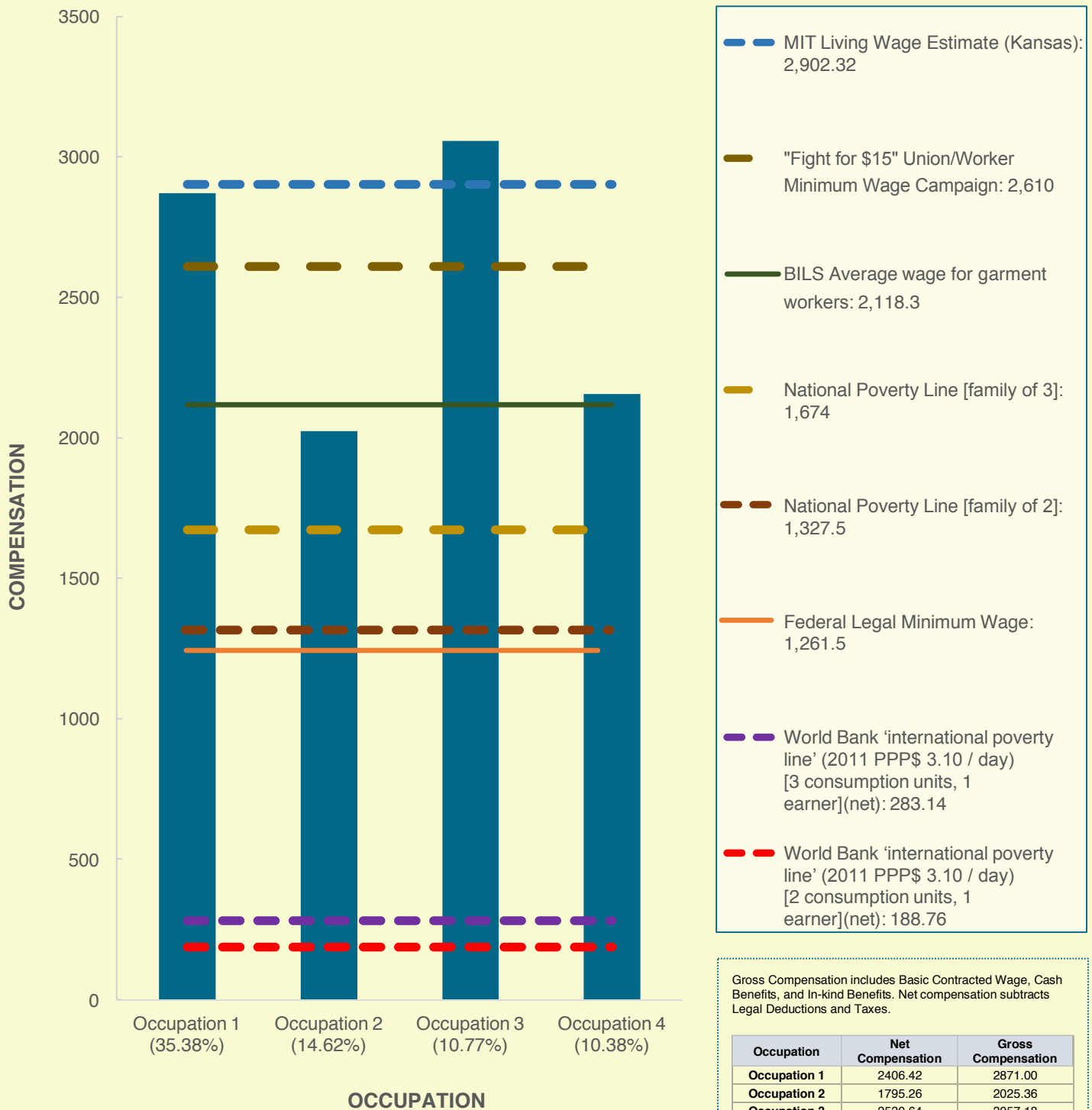
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (3) *Currency: US Dollar (USD)*



Basic Contracted Wage

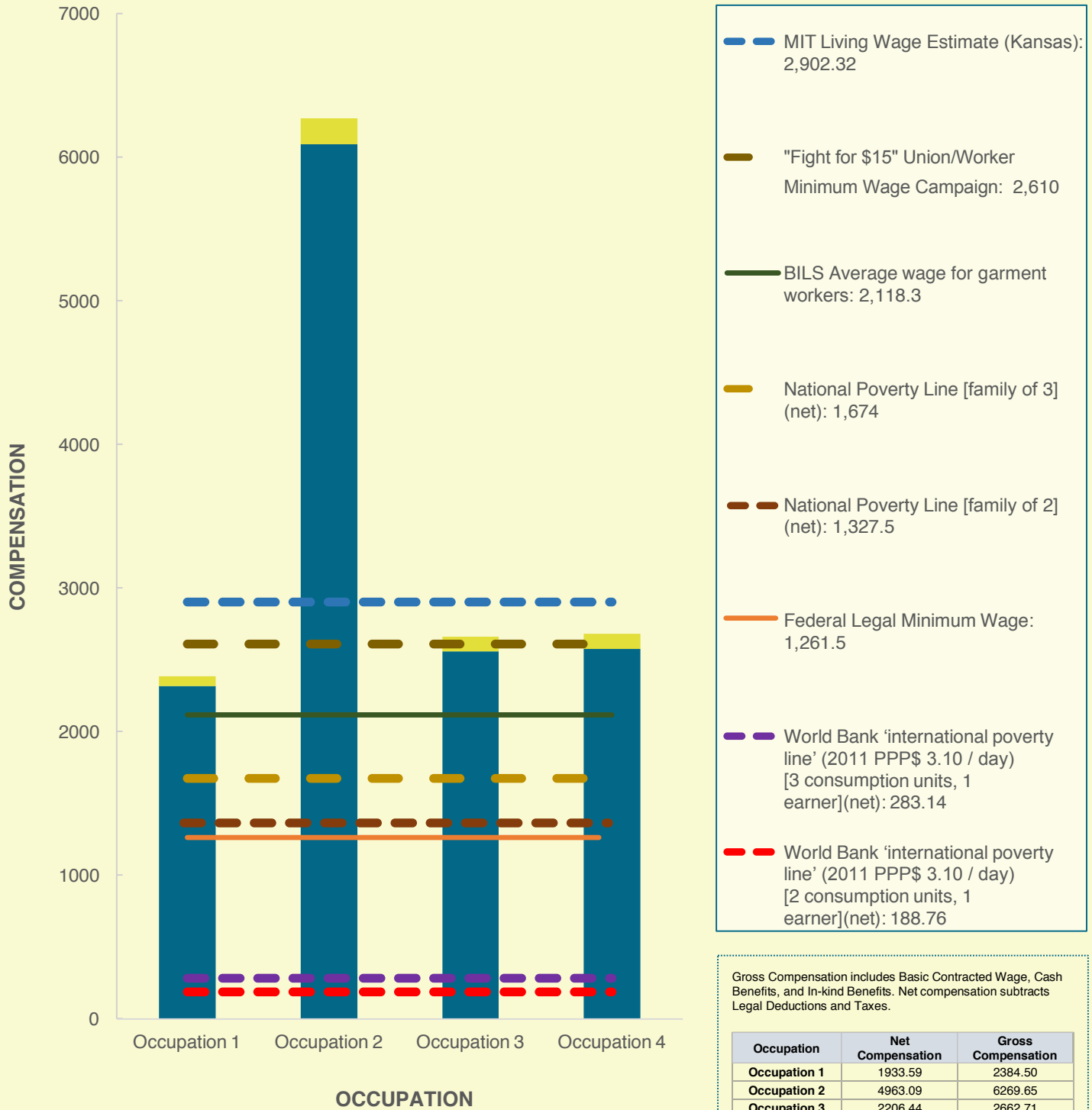
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (4) *Currency: US Dollar (USD)*



Basic Contracted Wage

Cash Benefit

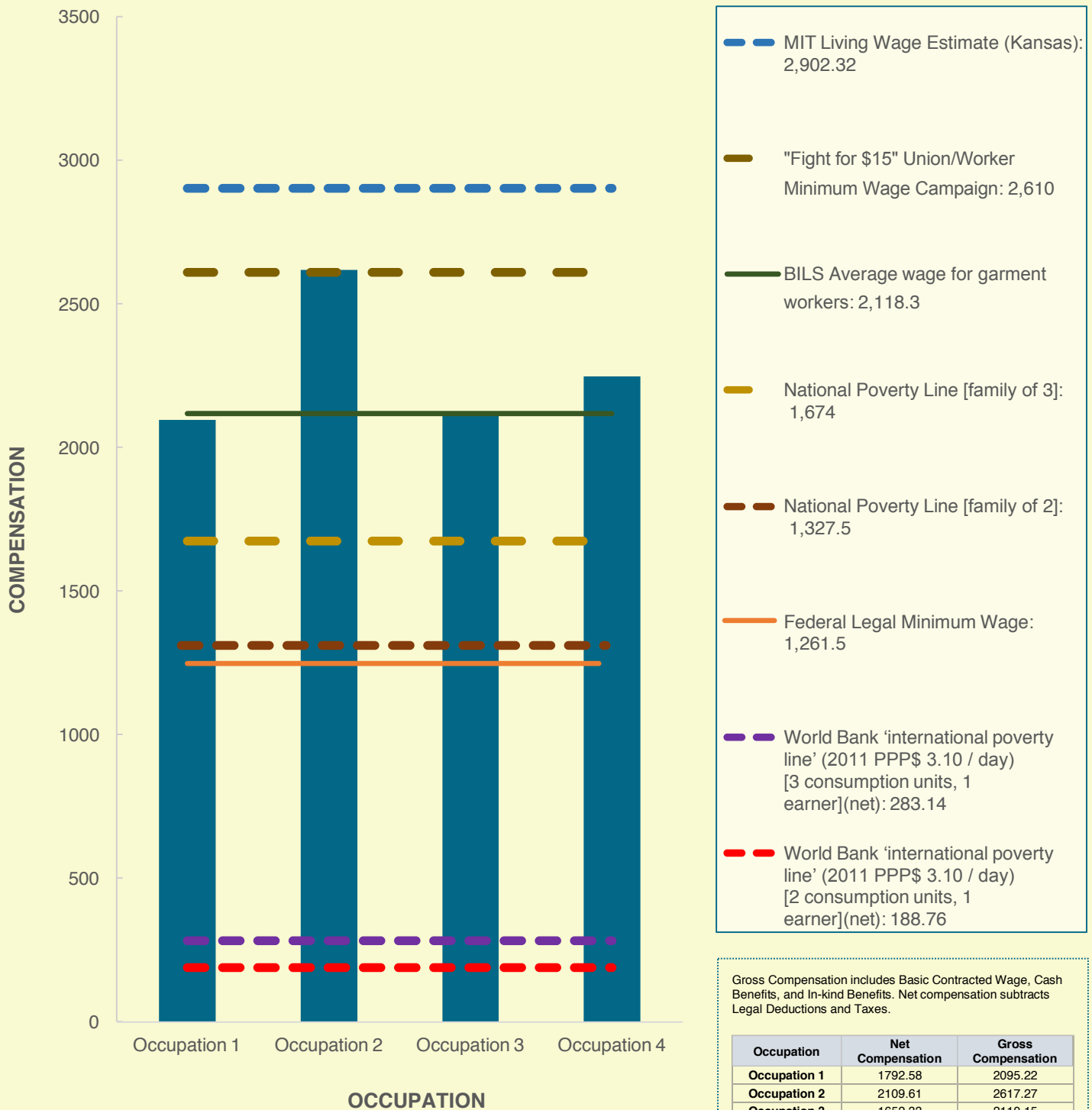
In-Kind Benefit

Incentives



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (5) *Currency: US Dollar (USD)*



Basic Contracted Wage

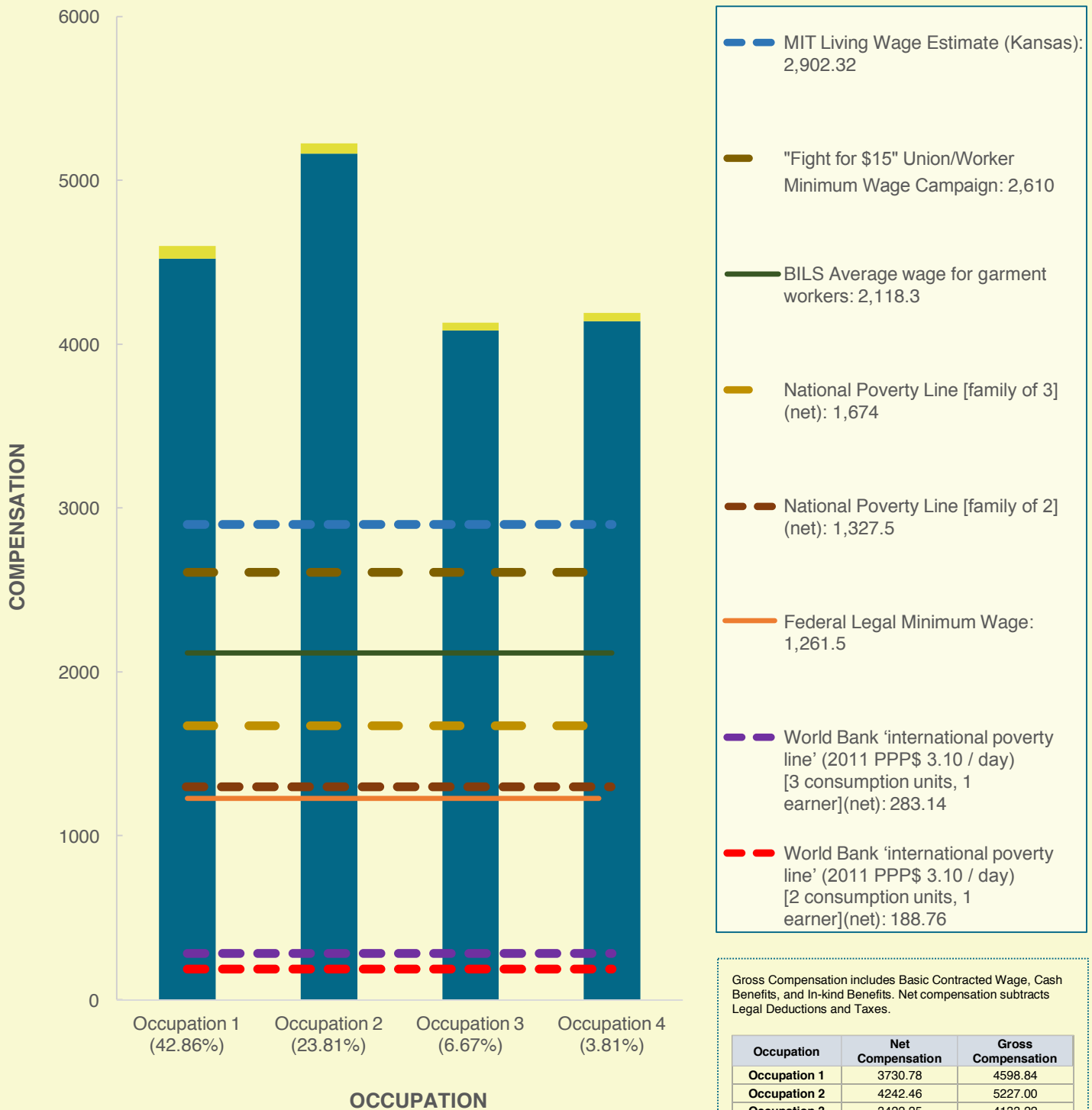
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (6) *Currency: US Dollar (USD)*



Basic Contracted Wage

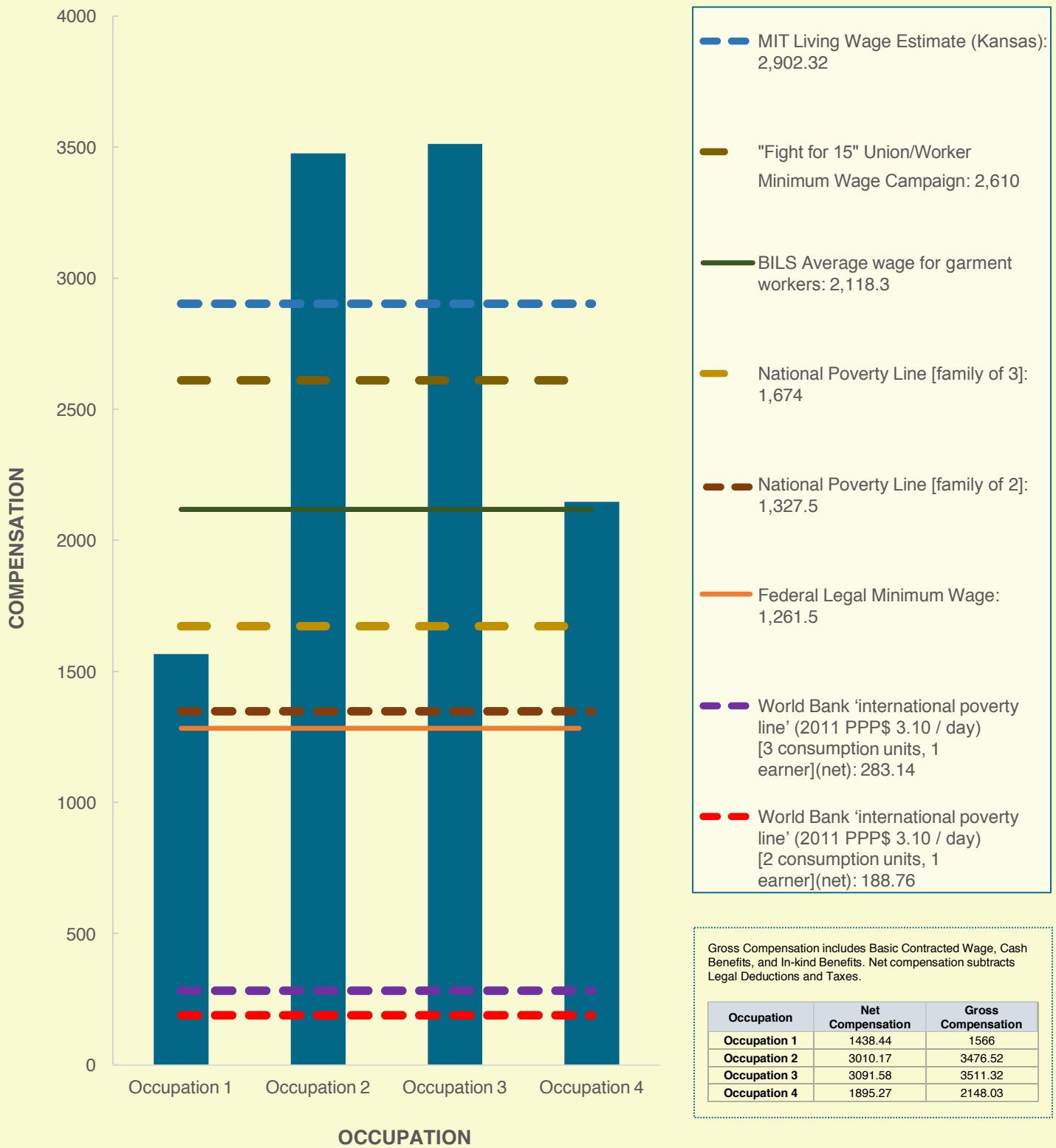
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (7) *Currency: US Dollar (USD)*



Basic Contracted Wage

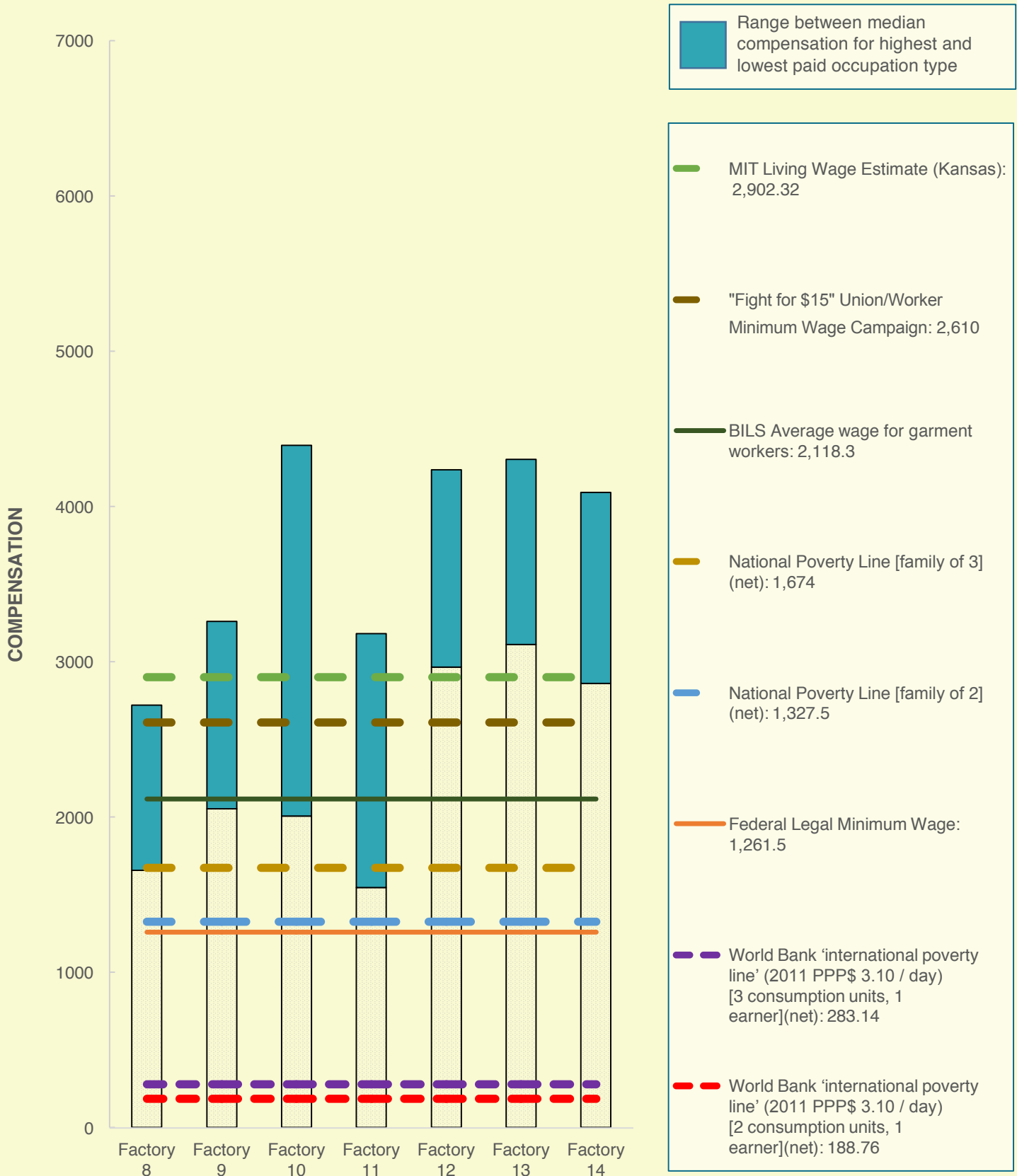
Cash Benefit

In-Kind Benefit

Incentives

# COMPENSATION COMPARISON ACROSS FACTORIES

## UNITED STATES *Currency: US Dollar (USD)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (8) *Currency: US Dollar (USD)*



Basic Contracted Wage

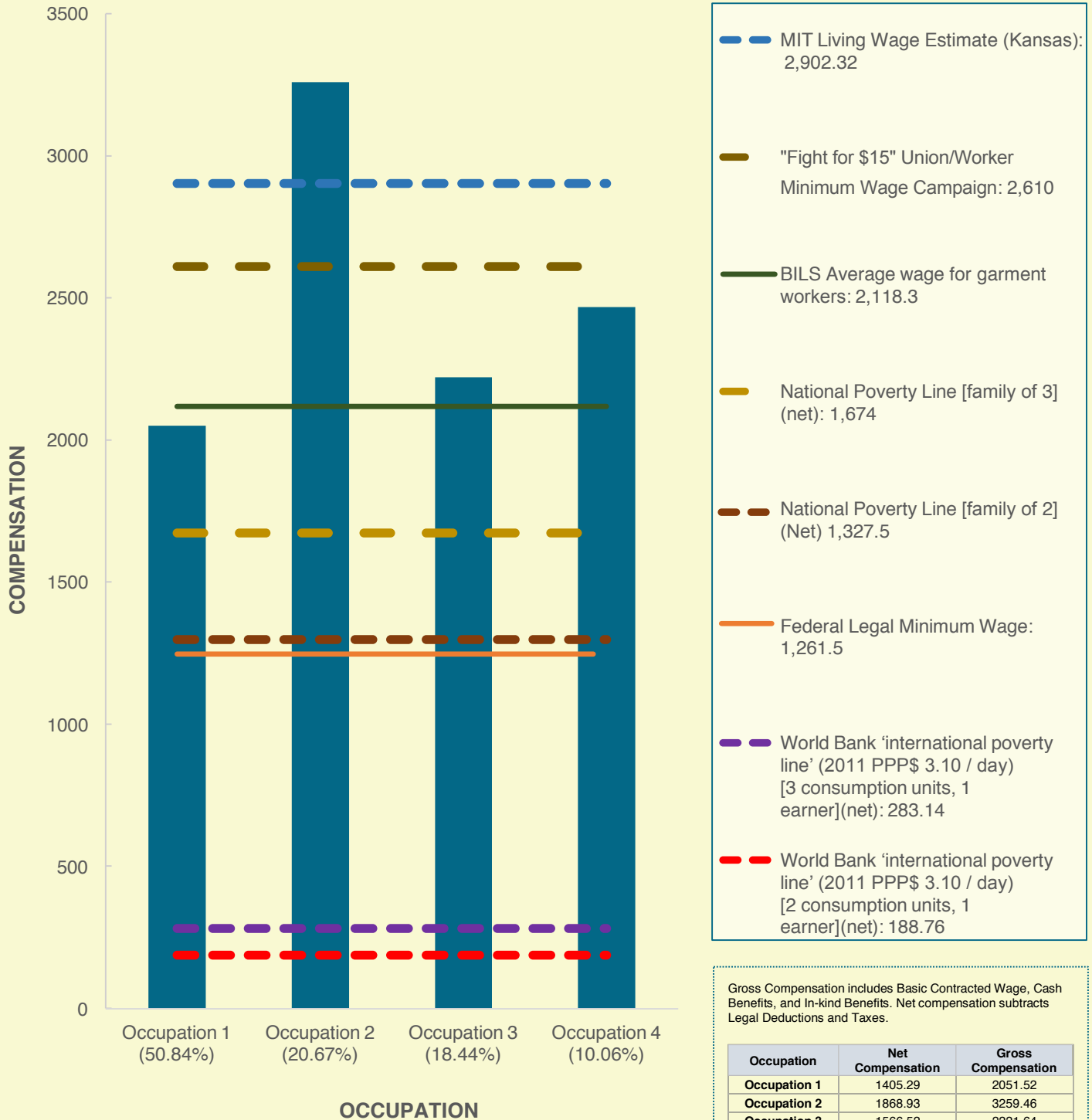
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (9) *Currency: US Dollar (USD)*



Basic Contracted Wage

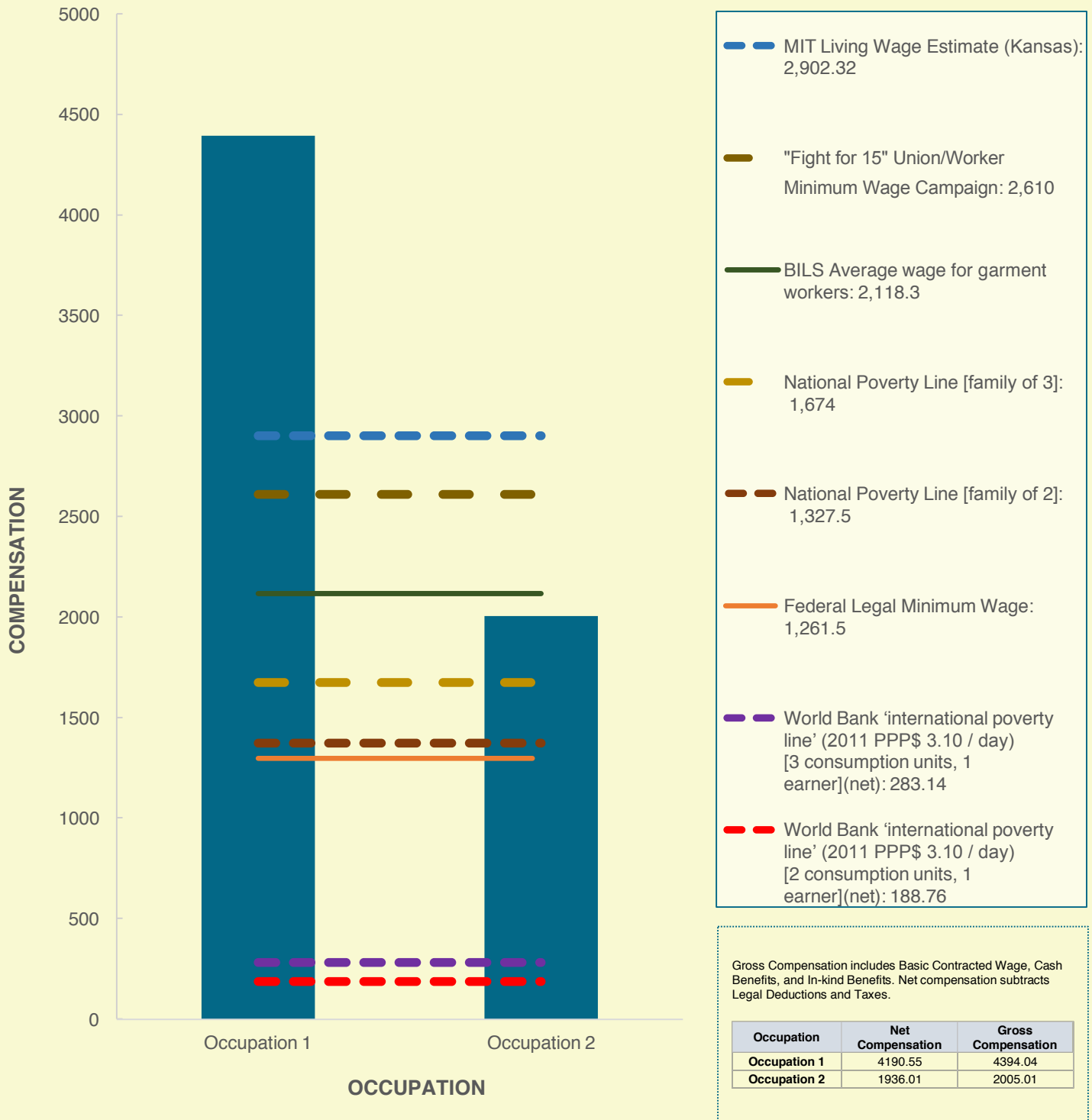
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (10) *Currency: US Dollar (USD)*



Basic Contracted Wage

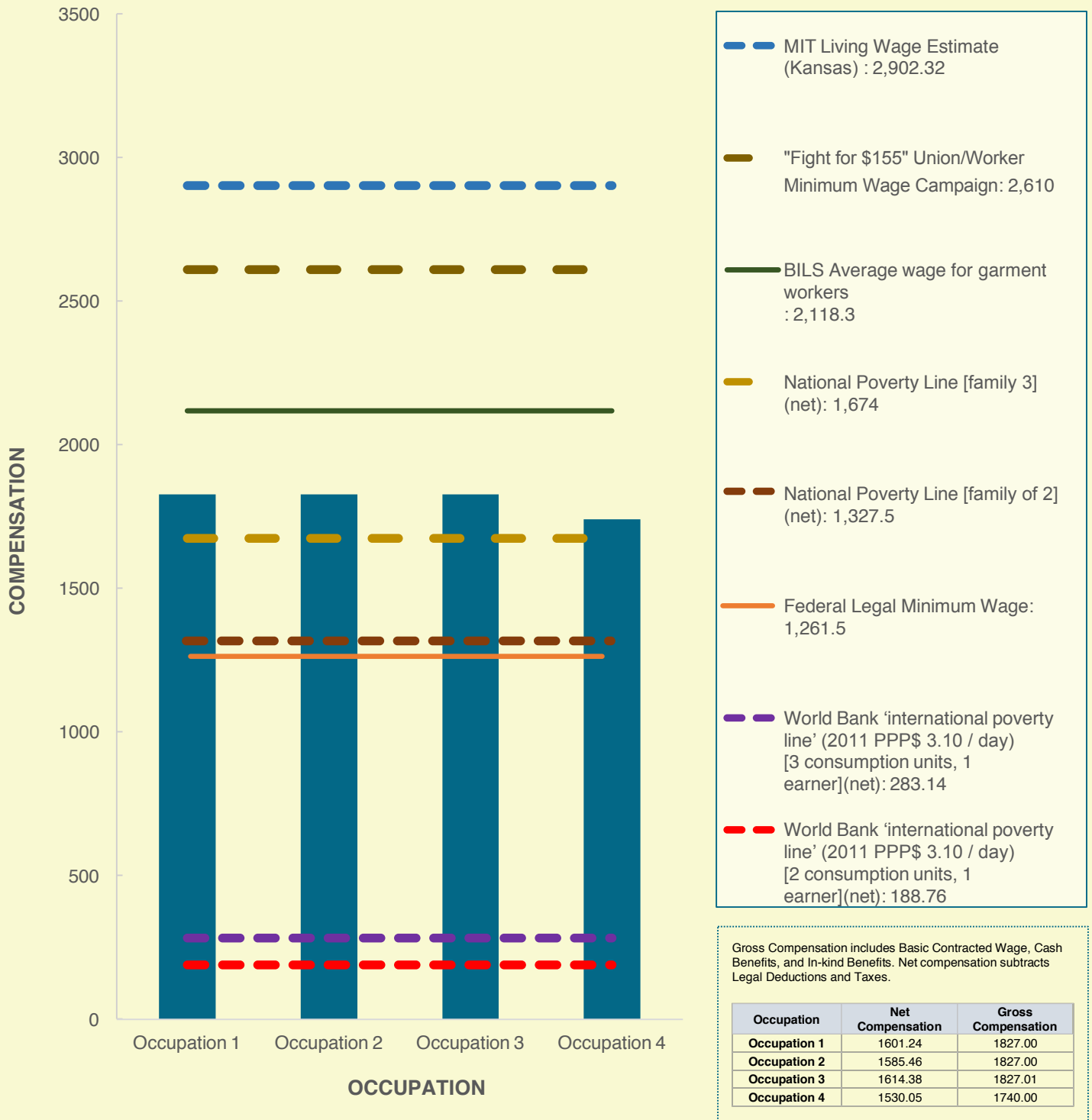
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (11) *Currency: US Dollar (USD)*



Basic Contracted Wage

Cash Benefit

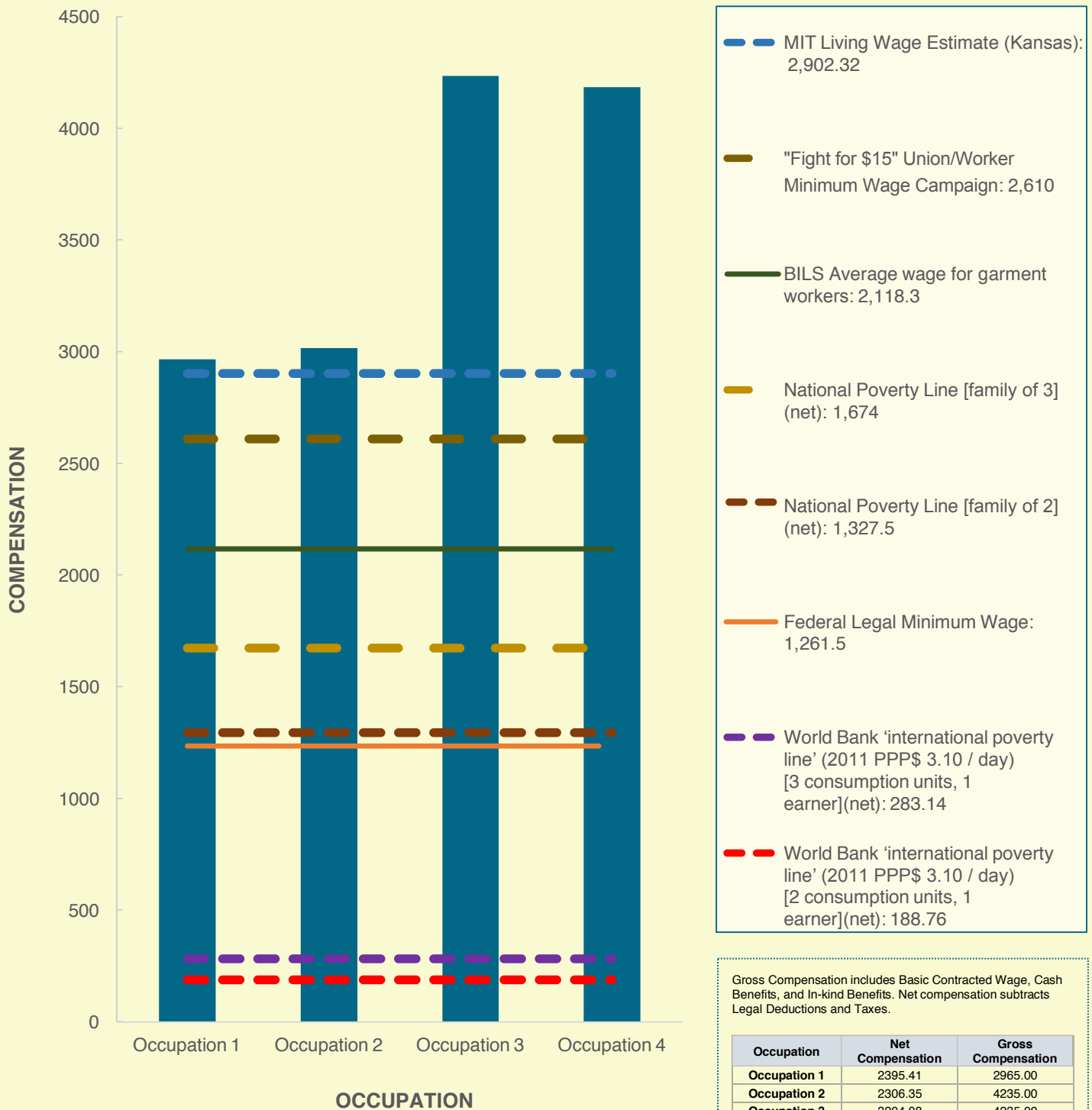
In-Kind Benefit

Incentives



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (12) *Currency: US Dollar (USD)*



Basic Contracted Wage

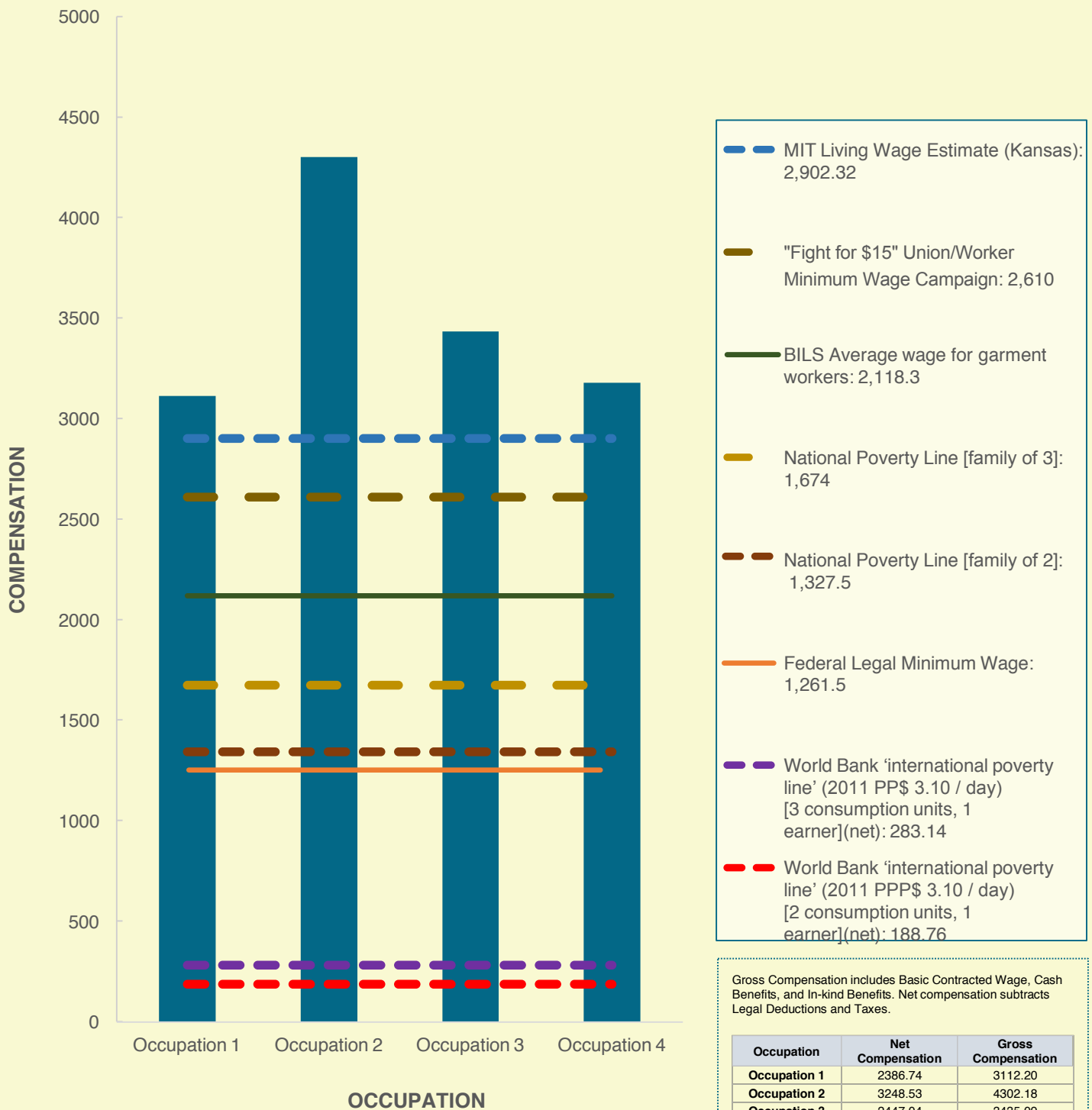
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (13) *Currency: US Dollar (USD)*



Basic Contracted Wage

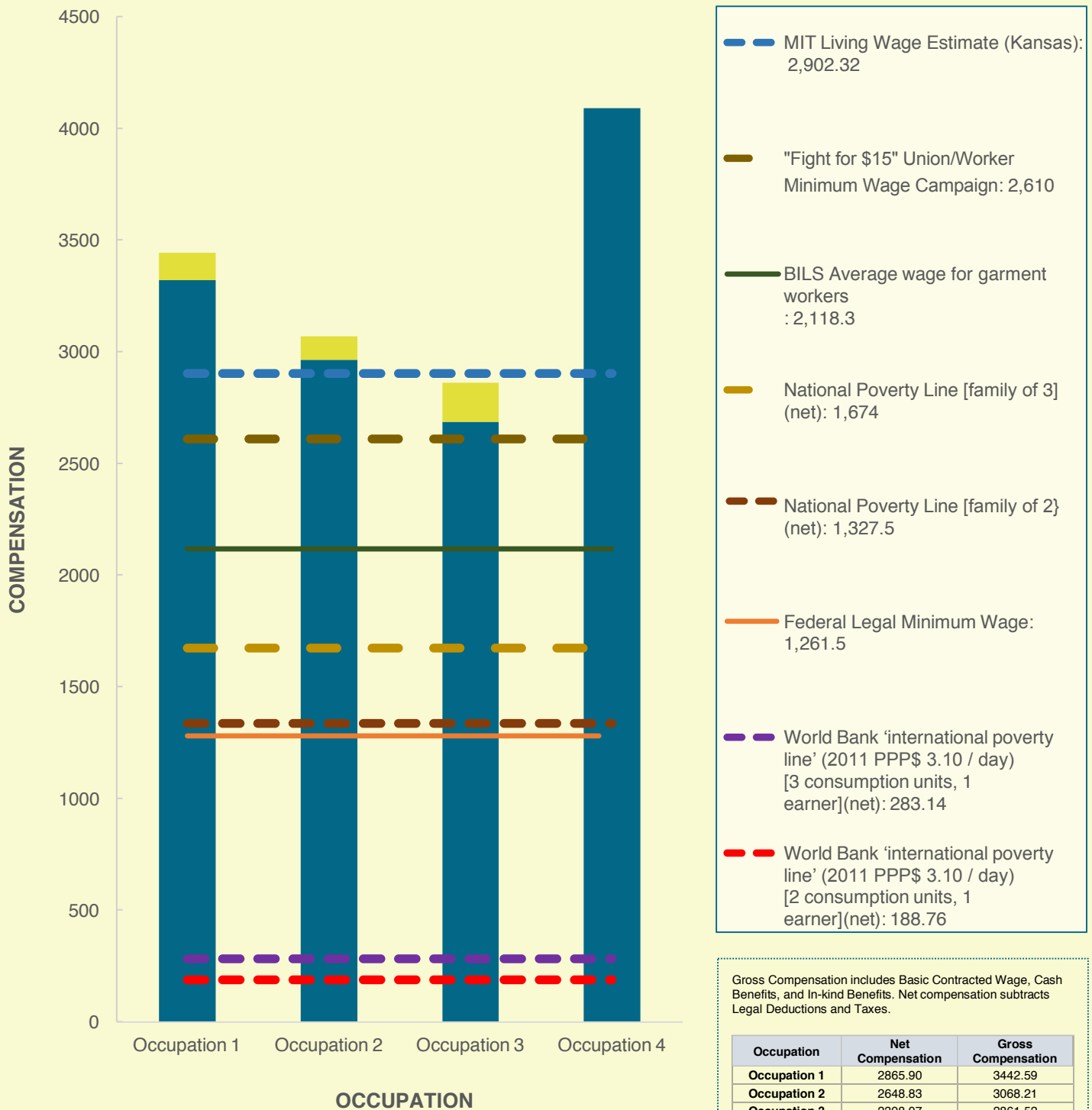
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## UNITED STATES (14) *Currency: US Dollar (USD)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives

# VIETNAM

## STATUTORY AND RECORDED WAGE & MONETARY INCOME LEVELS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (VND)
<b>Legal Minimum Wage</b>	<ul style="list-style-type: none"> <li>Region 1 (Hanoi/Ho Chi Minh)</li> </ul>	<u>Fair Wear Foundation</u>	<b>3,100,000</b>
	<ul style="list-style-type: none"> <li>Region 2 (Rural districts Hanoi, Hai Phong, Hai Duong, Hung Yen)</li> </ul>		<b>2,750,000</b>
	<ul style="list-style-type: none"> <li>Region 3 (Provincial Cities)</li> </ul>		<b>2,400,000</b>
<b>Industry/sector Wage Comparator</b>  <b>Sectoral wage (manufacturing)</b>	<ul style="list-style-type: none"> <li>Wages In manufacturing in Vietnam increased to 4,364,000 Vietnamese Dong (VND) per month in 2014 from 3,924,000 VND per month in 2013. Wages in Vietnam is reported by the General Statistics Office of Vietnam.</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 4,460,002.37</li> </ul>	<u>General Statistics Office of Vietnam</u>	<b>4,460,002.37</b>

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE (VND)
<b>National Poverty Line (2 adults)</b>	<ul style="list-style-type: none"> <li>871,308 VND</li> <li>The higher (World Bank/General Statistics Office) threshold was selected due to comparability with poverty lines in other countries with similar levels of development in terms of purchasing power (Demombynes, Vu 2015).</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 987,974</li> <li>Assuming two-adult consumption units: 1,975,948</li> </ul>	<u>World Bank</u>	<b>1,975,948</b>
<b>World Bank 'international poverty line' (2011 PPP\$ 2.00 / day)</b>	<ul style="list-style-type: none"> <li>Poverty is measured by the World Bank at Purchasing Power Parity (PPP)\$3.10/day.</li> <li>The 2011 PPP conversion factor for Vietnam in 2014 is 7710.48</li> <li>The \$3.10 equivalent is <math>(7710.48 * 3.1) = \text{VND } 23902.49</math></li> <li>On a monthly basis, this is <math>(\text{VND } 23902.49 * (365/12)) = \text{VND } 727034.01</math></li> <li>Adjusted for inflation using IMP WEO CPI to 2015 value: <math>[245.387 (\text{CPI } 2015)/240.105 (\text{CPI } 2014) - \text{IMF WEO } 2015] * \text{VND } 727034.01 = \text{VND } 743027.82</math></li> <li>The household equivalent assuming two consumption units and one earner is VND 1486055.64.</li> </ul>	<u>WB 2011 ICP</u>	<b>1,486,055.64</b>
	<ul style="list-style-type: none"> <li>The household equivalent assuming three consumption units and one earner is VND 2,229,083.46.</li> </ul>		<b>2,229,083.46</b>

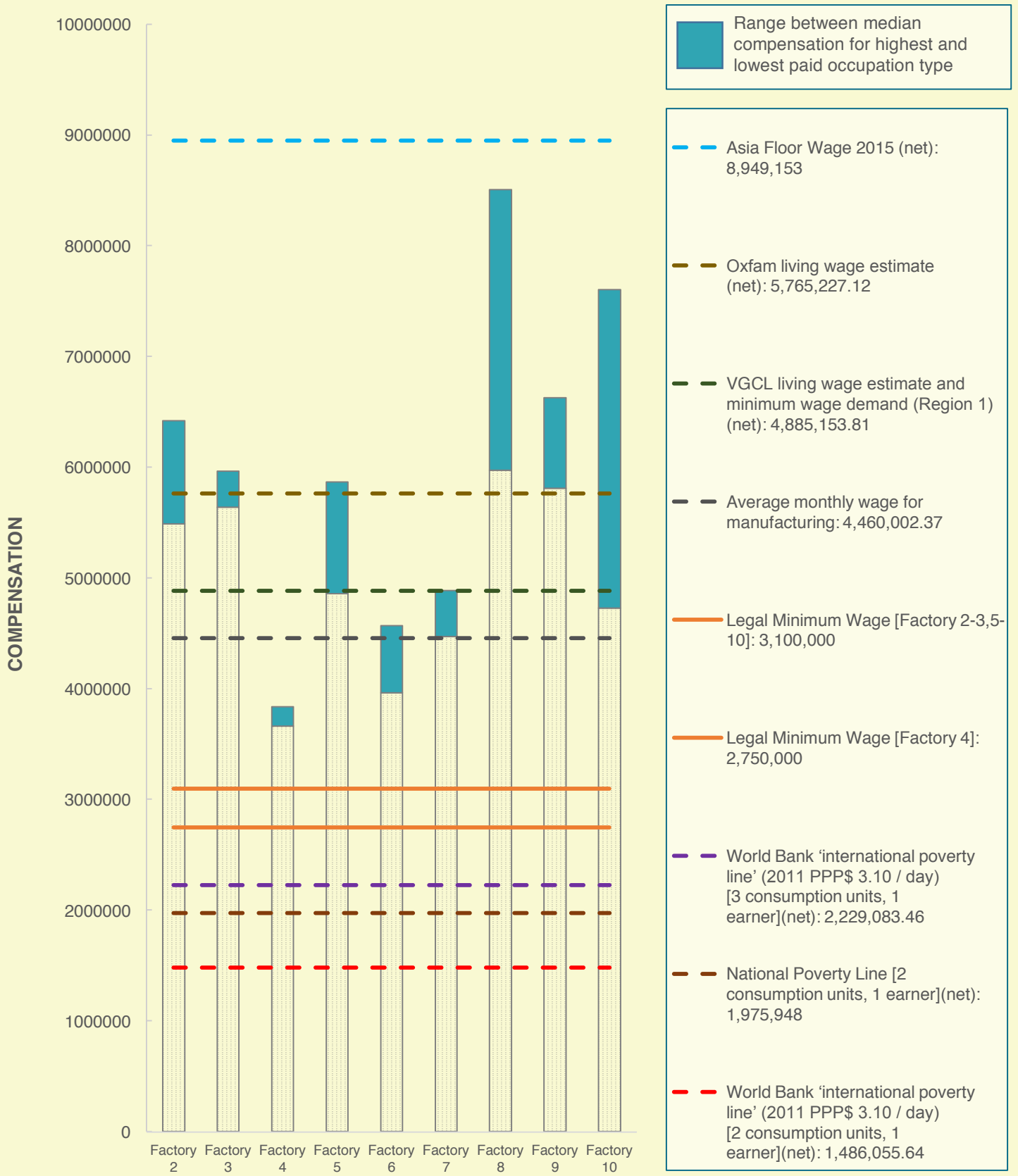
# VIETNAM

## INCOME AND POVERTY BENCHMARKS

BENCHMARK	CALCULATION NOTES	SOURCE	MONTHLY VALUE VND)
<p><b>Living Wage Estimate</b></p> <p><b>Asia Floor Wage (3 adults, 1 earner)</b></p>	<ul style="list-style-type: none"> <li>Asia Floor Wage Alliance (latest revision found from 2015—1021PPP\$) provides standard PPP\$ based estimate for East and Southeast Asian countries applicable to manufacturing industries (based on a 3000 kcal diet for a three-adult-equivalent household with a single earner)</li> <li>Food basket research was done in Cambodia, India, Indonesia and Sri Lanka to obtain the country Asia Floor Wage figures. For other Asian countries where food basket research was not conducted, the figures were extrapolated.</li> </ul>	<u>Asia Floor Wage Alliance</u>	<b>8,949,153</b>
<p><b>Living wage estimate + Union Demand</b></p>	<ul style="list-style-type: none"> <li>Trade Union VGCL conducts annual surveys of minimum living needs to determine their proposal for the new minimum wage.</li> </ul> <p>IN 2014, MINIMUM LIVING WAGES ESTIMATED BY VGCL ARE THE FOLLOWING ACCORDING TO REGION:</p> <ul style="list-style-type: none"> <li>Region 1 (Hanoi/Ho Chi Minh): VND 4,780,000</li> <li>Region 2 (Rural districts Hanoi, Hai Phong, Hai Duong, Hung Yen): VND 4,130,000</li> <li>Region 3 (Provincial Cities): VND 3,850,000</li> <li>Region 4 (Remaining localities): 3,310,000</li> </ul> <p>ADJUSTED FOR INFLATION USING IMP WEO CPI (TO 2015 VALUE):</p> <ul style="list-style-type: none"> <li>Region 1 (Hanoi/Ho Chi Minh): VND 4,885,153.81</li> <li>Region 2 (Rural districts Hanoi, Hai Phong, Hai Duong, Hung Yen): VND 4,220,854.67</li> <li>Region 3 (Provincial cities): VND 3,934,695.03</li> <li>Region 4 (Remaining localities): 3,382,815.73</li> </ul>	<u>VGCL Trade Union</u>	<p><b>4,885,153.81 (Region 1);</b></p> <p><b>4,220,854.67 (Region 2)</b></p> <p><b>3,934,695.03 (Region 3)</b></p> <p><b>3,382,815.73 (Region 4)</b></p>
<p><b>Living wage estimate (1 adult, 1 child, 1 earner)</b></p>	<ul style="list-style-type: none"> <li>Figure comes from a 2013 Oxfam study on labor rights issues in Unilever’s Vietnam operations and supply chain.</li> <li>Results from focus group discussions with UVN and Thang Loi workers concluded that the basic monthly living expenses for one local worker with one child were around 5,420,000 VND (see Table 4 in page 67)</li> <li>Adjusted for inflation rate using IMF WEO CPI (to 2015 value): 5,765,227.12</li> </ul>	<u>Oxfam</u>	<b>5,765,227.12</b>

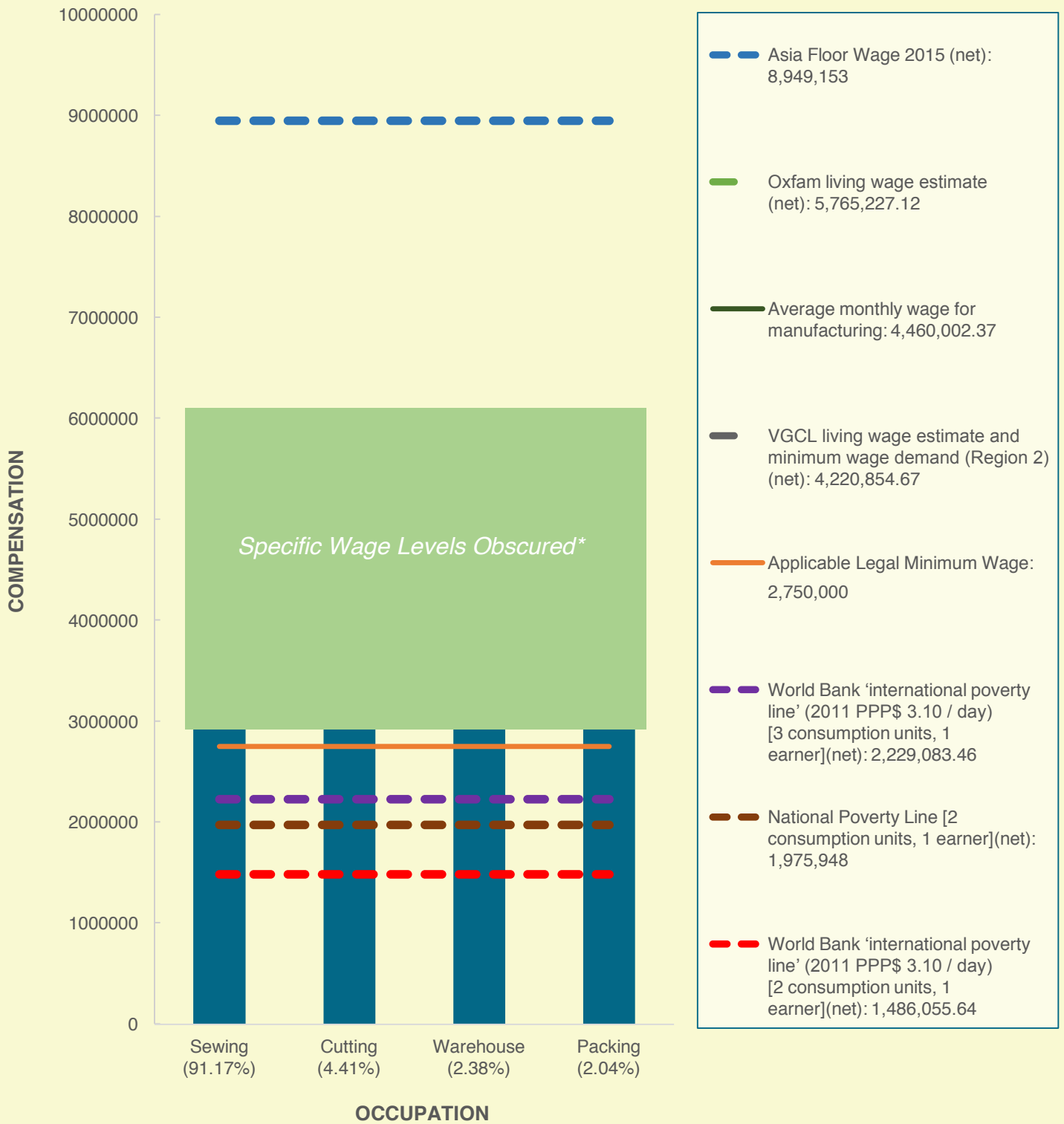
# COMPENSATION COMPARISON ACROSS FACTORIES

**Vietnam** Currency: Vietnamese Dong (VND)



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## VIETNAM (1) *Currency: Vietnamese Dong (VND)*



Basic Contracted Wage

Cash Benefit

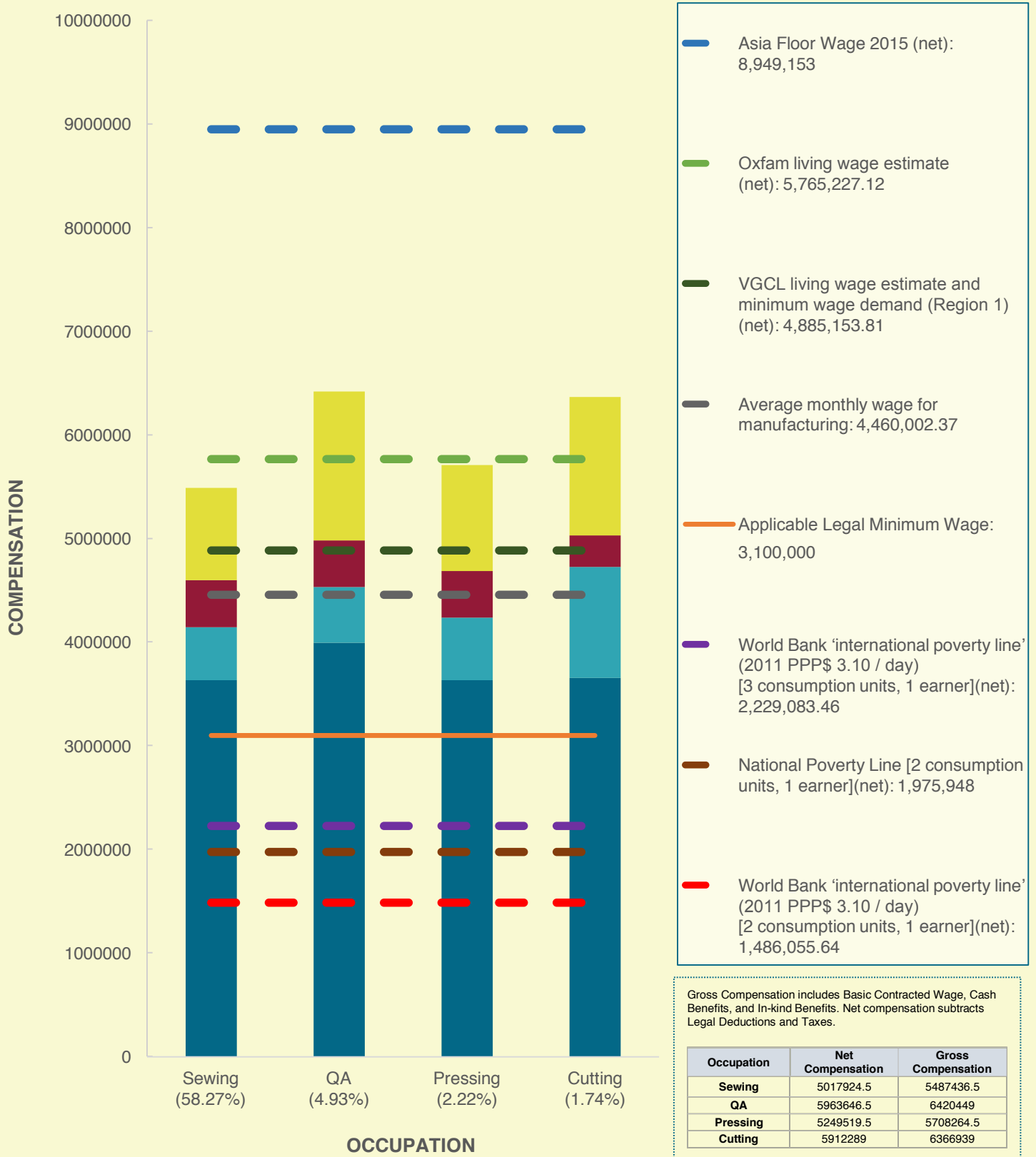
In-Kind Benefit

Incentives

\* Specific wage levels have been obscured in an abundance of caution to avoid the potential disclosure of information that may be competitively sensitive.

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## VIETNAM (2) *Currency: Vietnamese Dong (VND)*



Basic Contracted Wage

Cash Benefit

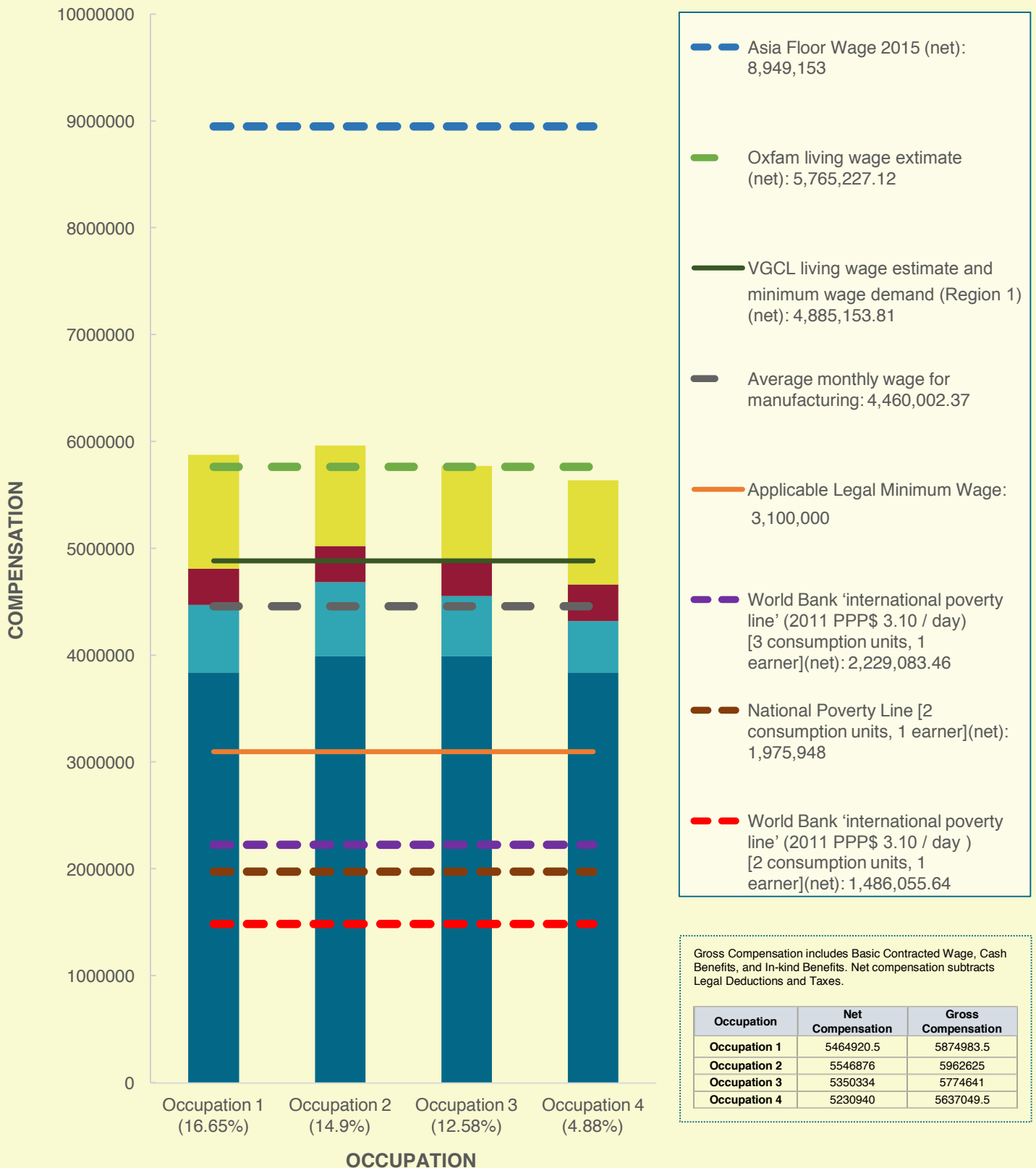
In-Kind Benefit

Incentives



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## VIETNAM (3) *Currency: Vietnamese Dong (VND)*



# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## VIETNAM (4) *Currency: Vietnamese Dong (VND)*



Basic Contracted Wage

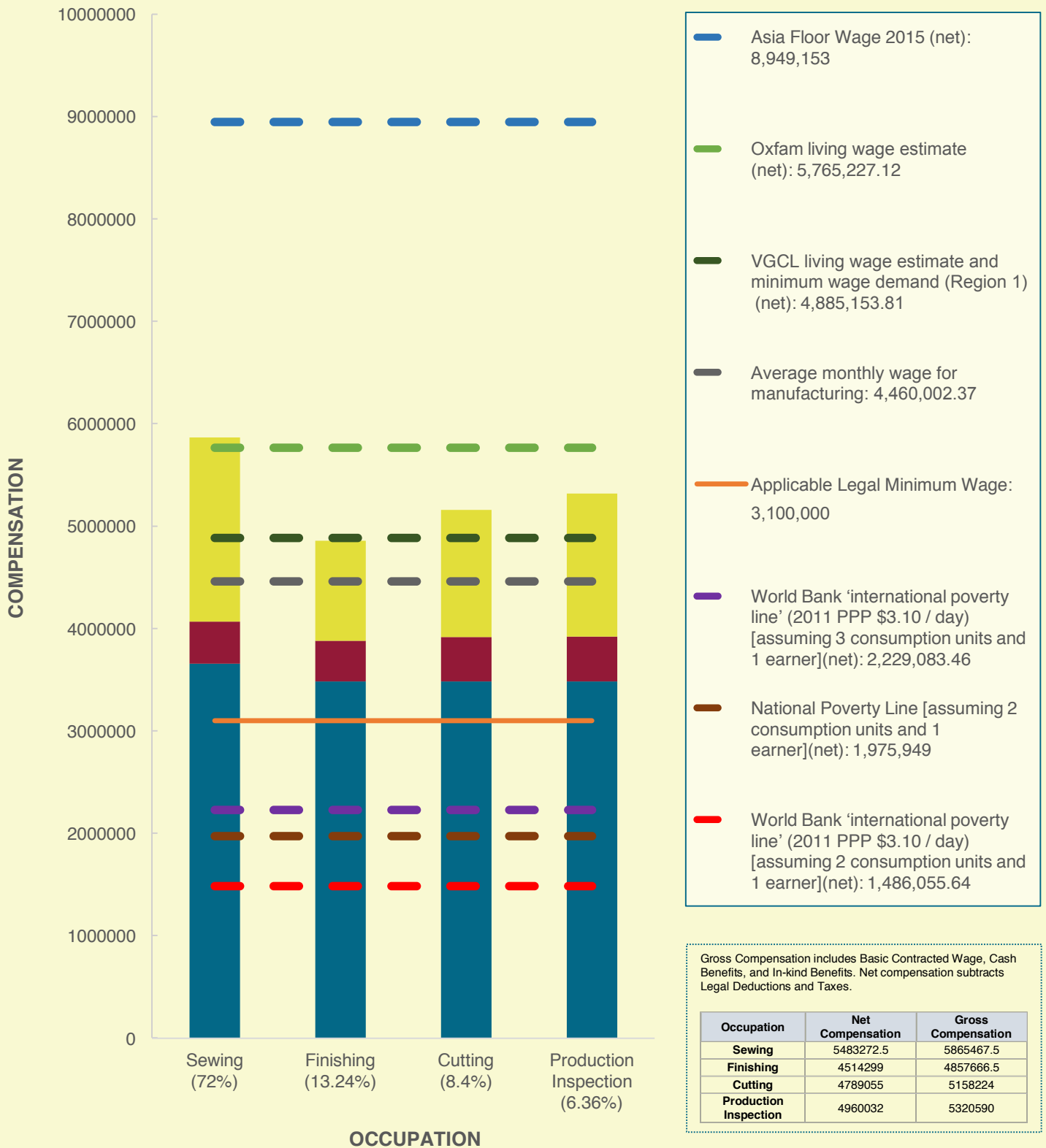
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## VIETNAM (5) *Currency: Vietnamese Dong (VND)*



Basic Contracted Wage

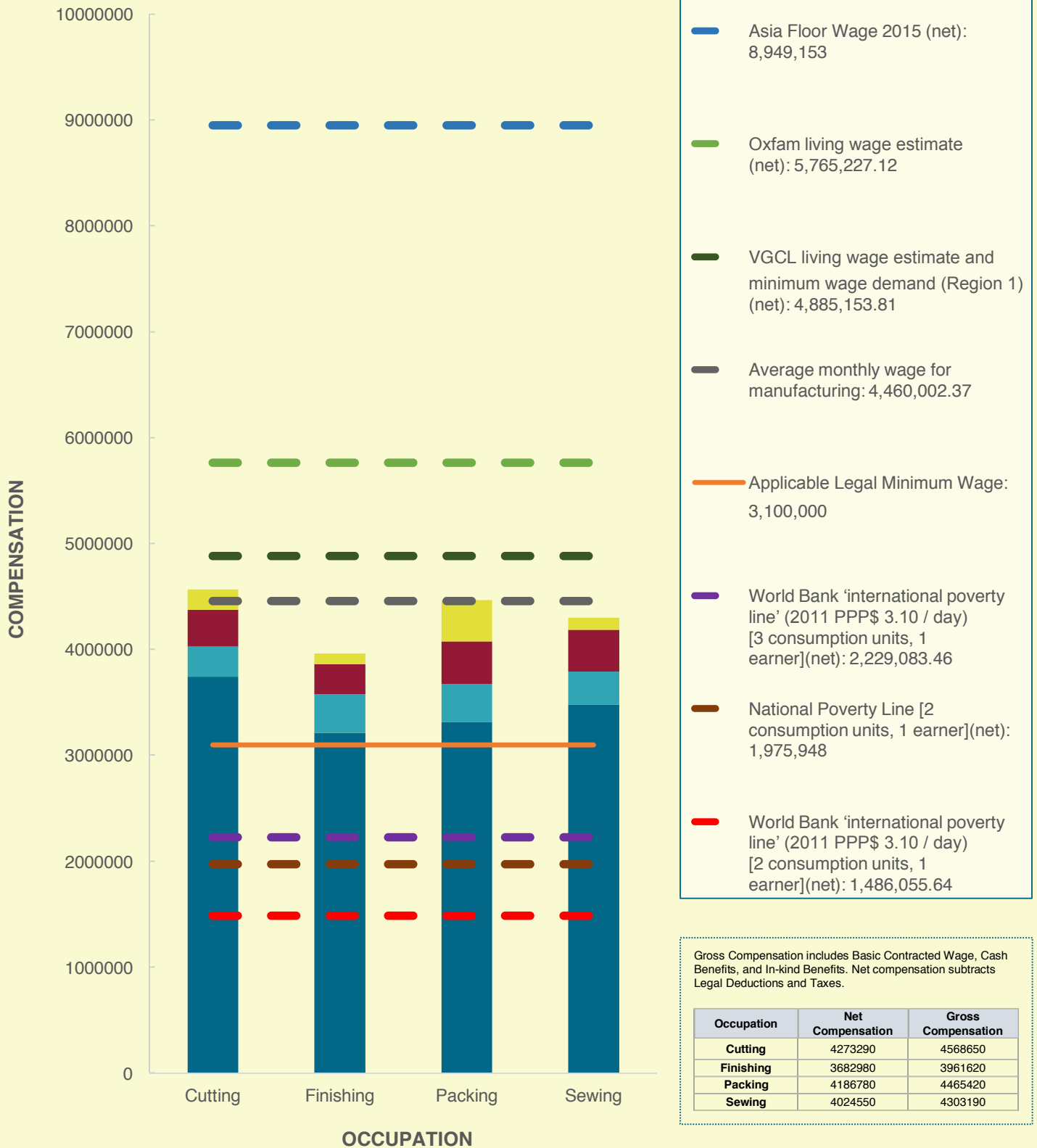
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## VIETNAM (6) *Currency: Vietnamese Dong (VND)*



Basic Contracted Wage

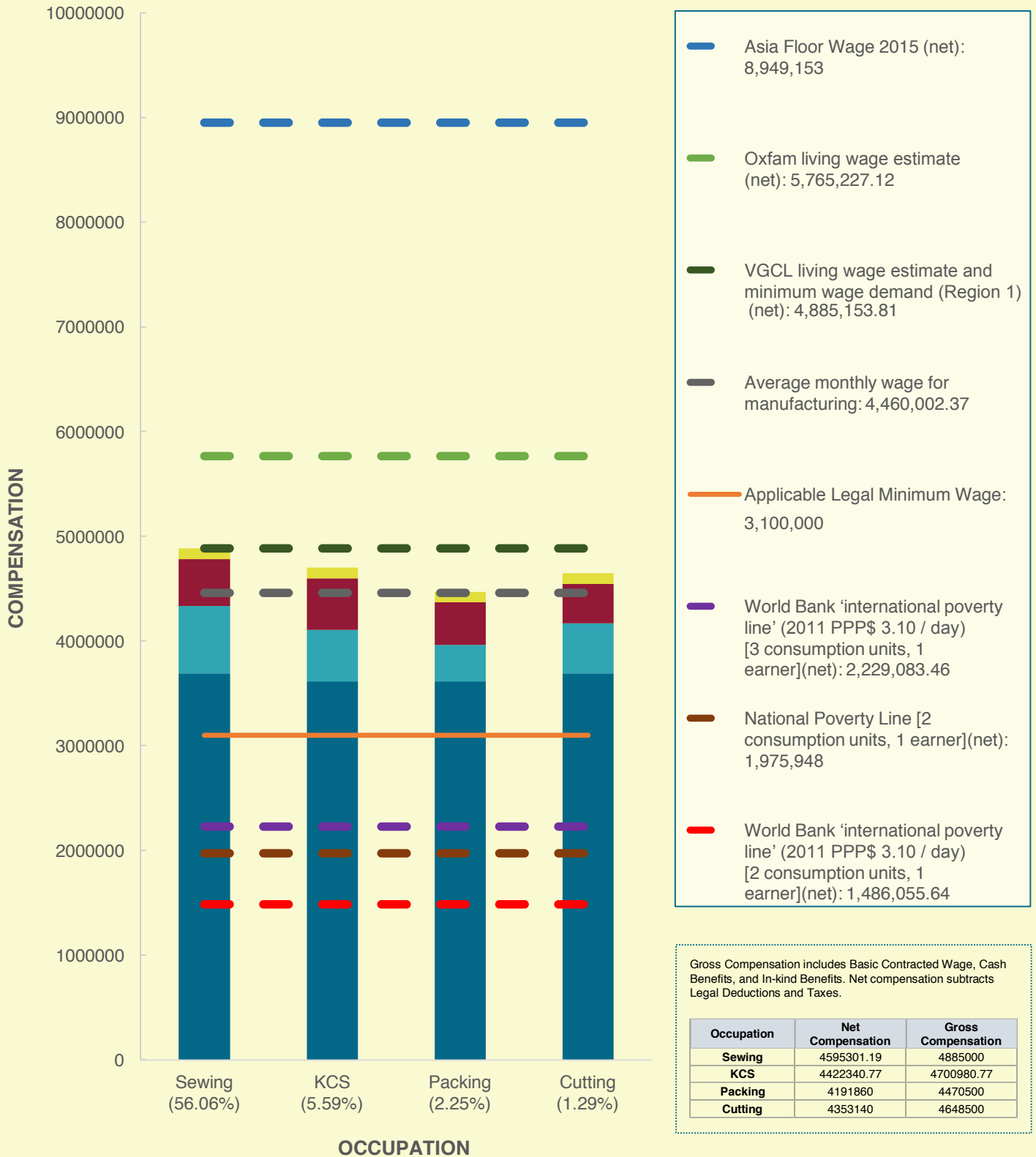
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## VIETNAM (7) *Currency: Vietnamese Dong (VND)*



Basic Contracted Wage

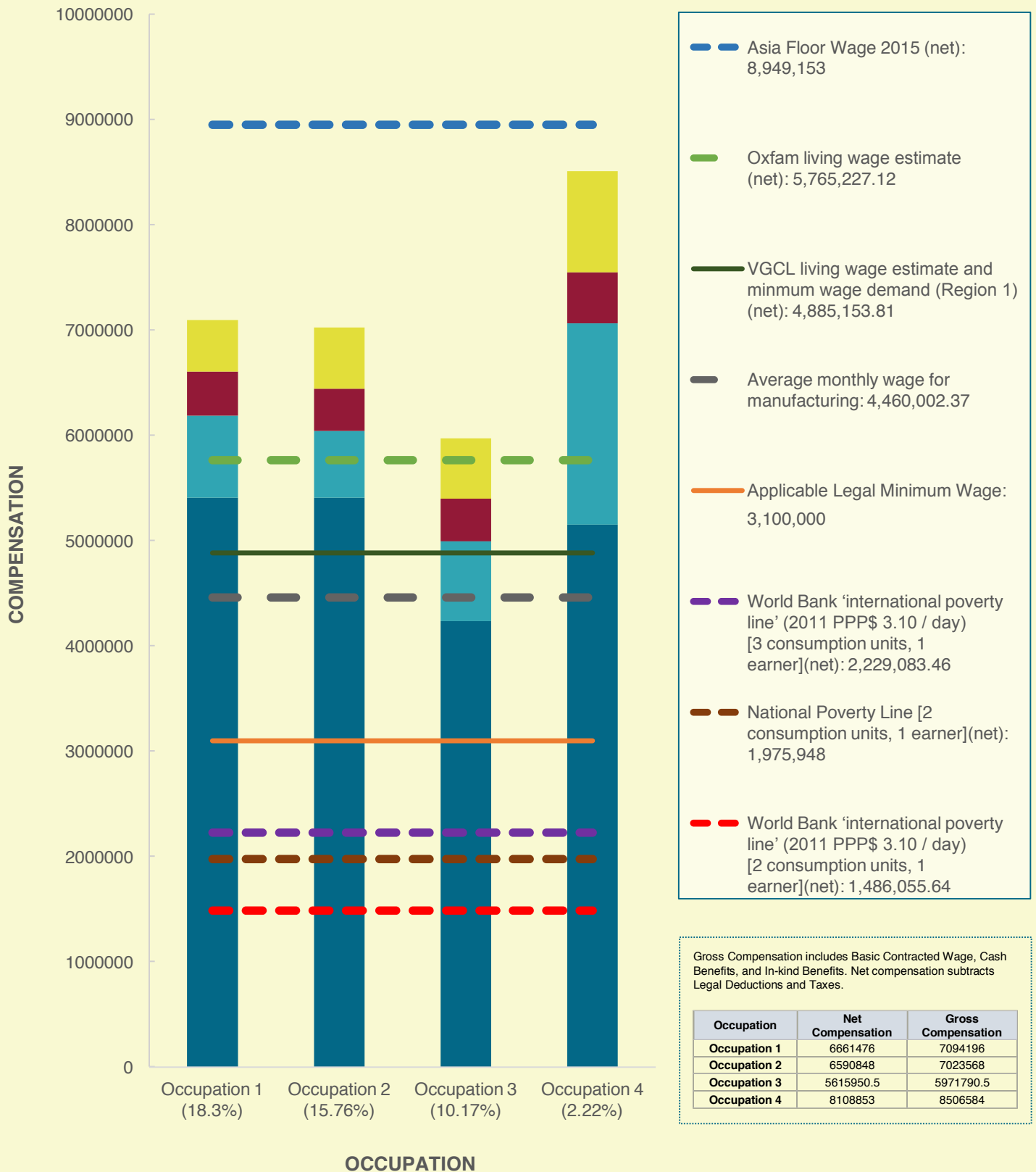
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## VIETNAM (8) *Currency: Vietnamese Dong (VND)*



Basic Contracted Wage

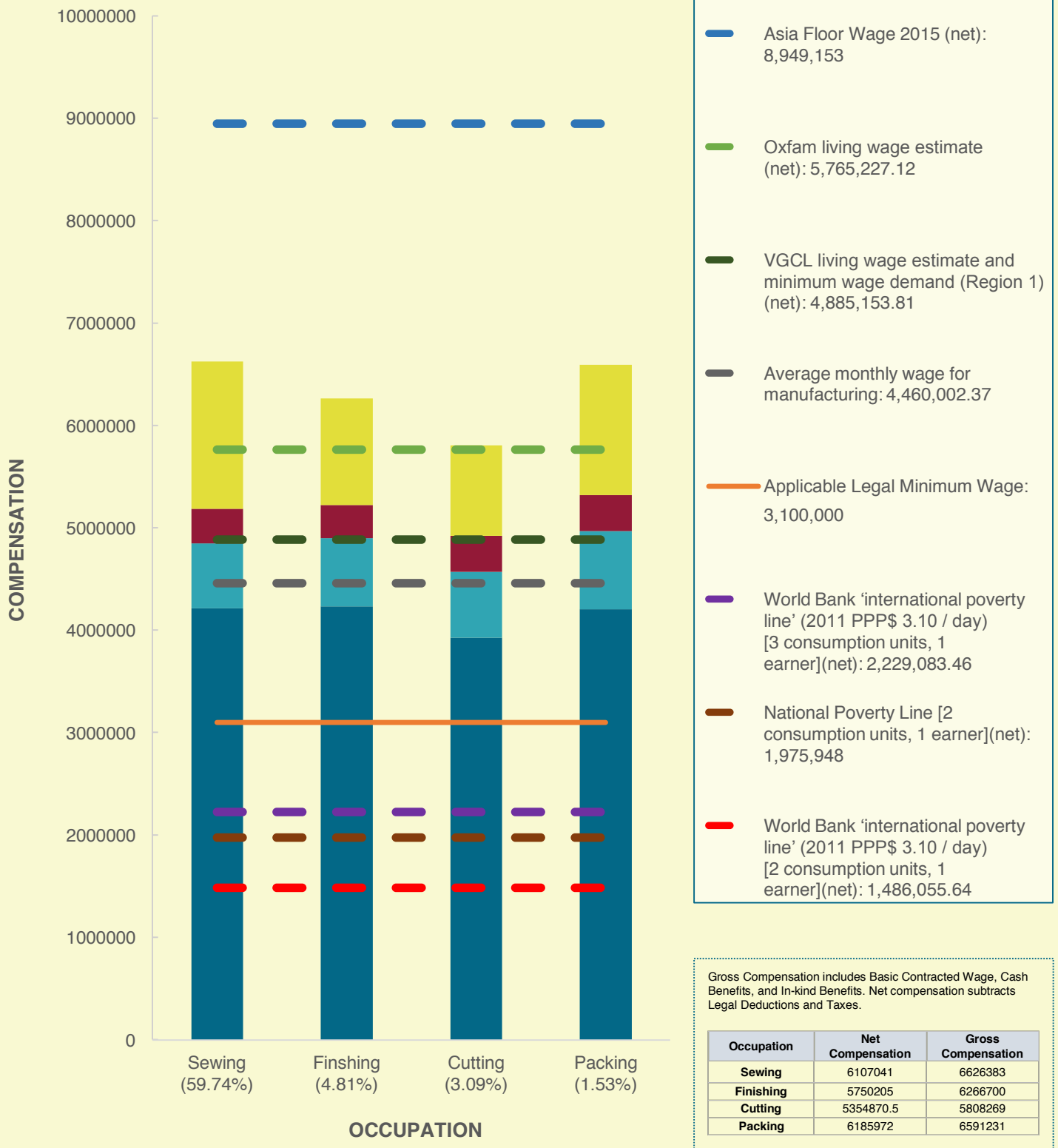
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## VIETNAM (9) *Currency: Vietnamese Dong (VND)*



Basic Contracted Wage

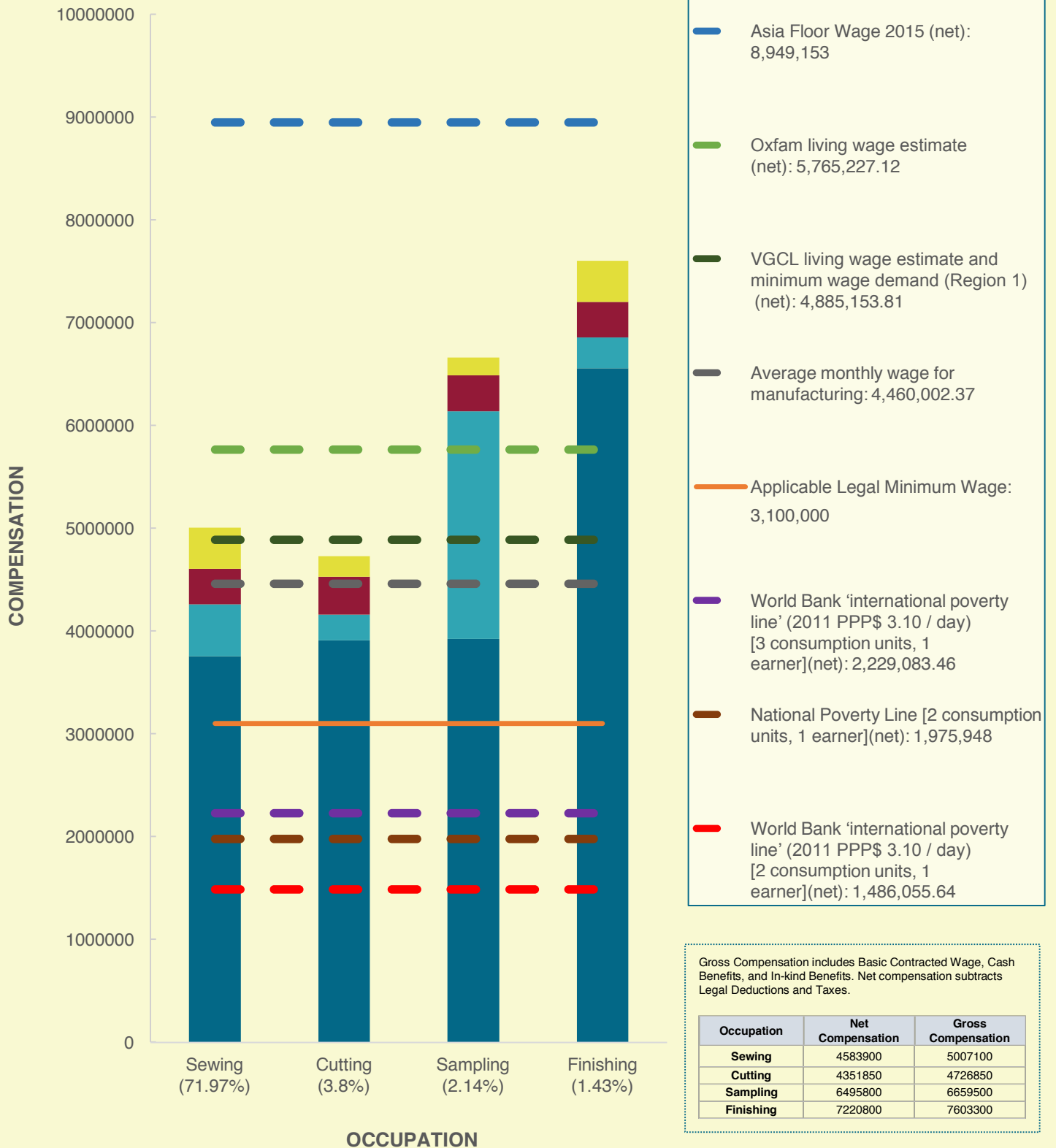
Cash Benefit

In-Kind Benefit

Incentives

# MEDIAN FACTORY COMPENSATION COMPARED TO BENCHMARKS

## VIETNAM (10) *Currency: Vietnamese Dong (VND)*



Basic Contracted Wage

Cash Benefit

In-Kind Benefit

Incentives



## Appendix B: Compensation Benchmarks Guidelines

Calculating and plotting actual compensation for workers against key compensation benchmarks in compensation charts is an important part of supply chain due diligence and a first, critical step towards fair compensation. Benchmarks such as minimum wages, poverty lines, and living wage estimates are used because they provide important context for actual compensation data but do not represent endorsement of specific compensation levels as goals.

Some countries have many relevant compensation benchmarks, and others have relatively few. The total number of benchmarks on the FLA compensation charts is limited—the average is about six benchmarks per chart—to maintain a balance between readability and a meaningful representation of the range of measures in each country.

Methods used to create benchmarks around the world vary. Some methods are very scientific, some are not. Some are built or chosen with close attention to the political and macro-economic pressures at work in the sector, country, or region, and some are not. Some benchmarks are calculated based on family sizes or numbers of earners. Most present gross figures but a few present net figures. Benchmarks may include compensation for workers in different occupations, regions, or even sectors.

For these reasons, the FLA consulted widely in 2015 and 2016 to develop guidelines for benchmarking choices. These guidelines are presented below and, the benchmarks selected for use in this report are presented by country in Appendix A.

**Benchmark Guidelines.** The table below presents the six types of benchmarks used by the FLA in this report and the guidelines used in selecting and adjusting individual benchmarks.

BENCHMARK	Description	Selection and Adjustment Guidance
1. <b>Legal minimum wage</b>	<ul style="list-style-type: none"> <li>Government legal minimum wage (and garment/manufacturing sectoral minimum if different)</li> </ul>	<ul style="list-style-type: none"> <li>Legal minimum wage figures come from the national or local government, depending on the specific country or region. These figures are not adjusted for inflation.</li> </ul>
2. <b>Industry / sector wage comparator</b>	<ul style="list-style-type: none"> <li>Either median or average wage for a particular industry or sector of the economy.</li> </ul>	<ul style="list-style-type: none"> <li>Figures for the garment/apparel sector are the most relevant, followed by manufacturing sector figures. National median or average wage values are acceptable in their absence. Pre-2015 figures are adjusted for inflation using International Monetary Fund (IMF) World Economic Outlook (WEO) Consumer Price Index (CPI).</li> </ul>

<p><b>3. National poverty lines and cost of basic needs</b></p>	<ul style="list-style-type: none"> <li>• Benchmarks reflecting the cost of household basic needs.</li> <li>• Available from national statistics agencies but also from research groups, CSOs, and unions.</li> </ul>	<ul style="list-style-type: none"> <li>• National (absolute) poverty line figures from government agencies and national research groups are the most relevant. These figures are commonly based on the cost of a basket of goods (and services) representing basic needs expenditures for a typical household. Pre-2015 figures are adjusted for inflation using IMF WEO CPI.</li> <li>• Cost of basic needs is commonly expressed as a household and per capita figure. The household figure is the most relevant and assumptions about household size used by the measure are noted. National poverty lines for an average household will seldom correspond exactly to the FLA ‘household’ (one earner and two dependents as defined in the FLA Code of Conduct).</li> <li>• Where only per capita data is available, this figure is multiplied by two to fit the FLA ‘household’ definition.</li> <li>• Figures produced by unions and CSOs are provided without amendment even when different assumptions are used (e.g. a different household size) as this shows the nature of the expectations, the scale of the gap vis-a-vis current compensation, and divergence between estimates of poverty.</li> </ul>
<p><b>4. International poverty thresholds</b></p>	<ul style="list-style-type: none"> <li>• Calculation of the monthly equivalent of the World Bank’s ‘international poverty’ thresholds</li> </ul>	<ul style="list-style-type: none"> <li>• Standard global poverty benchmark calculated using the World Bank’s 2011 methodology, and adjusted for purchasing power parity (PPP) to allow for comparisons of the figure’s ‘purchasing power’ across countries.</li> <li>• Figures are extrapolated to fit the ‘average household’ — two consumption units. Charts also include figures based for three consumption units, a more common and globally-accepted reference.</li> <li>• Charts include the World Bank’s ‘international poverty’ and ‘extreme poverty’ measures where factory compensation figures are close to the ‘extreme’ threshold: Bangladesh and Sri Lanka.</li> <li>• Bangladesh, Cambodia, and Jordan figures use 2005 conversion factors per the World Bank’s recommendation.</li> <li>• Figures are net (after tax) and adjusted for inflation using IMF WEO CPI data.</li> </ul>

<p><b>5. Civil society living wage estimates</b></p>	<ul style="list-style-type: none"> <li>• Living wage estimate</li> <li>• Available from national trade unions, CSO reports, academic and government studies, campaigns.</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmarks derived from an empirical methodology, measuring local costs of living.</li> <li>• Figures produced by unions and CSOs are provided without amendment even when different assumptions are used (e.g. a different household size) as this shows the nature of the expectations, the scale of the gap vis-a-vis current compensation, and divergence between estimates of living wages.</li> </ul>
<p><b>6. Union wage demands</b></p>	<ul style="list-style-type: none"> <li>• Wage figure demanded by local, national, or international unions</li> </ul>	<ul style="list-style-type: none"> <li>• Union wage demands are critical components of sectoral (or factory) collective bargaining, and national minimum wage-setting processes.</li> <li>• When different assumptions are used (e.g. a different household size), the union demands is presented without amendment as this shows the nature of the expectations and the scale of the gap vis-a-vis current compensation.</li> </ul>

## Appendix C: Methodological Note

### Why We Collect Data in this Way

In order to tackle the complexity of compensation issues, FLA has developed a rigorous method for capturing, organizing, and analyzing compensation data in manufacturing facilities across 124 factories in 21 countries.

Data were gathered and verified by FLA assessors during SCI on-site assessments, following uniform methods for compensation data collection and SCI standard procedures. They were then analyzed and charted by FLA staff against country-specific compensation benchmarks. While the FLA has successfully collected valuable compensation data from the field, there are some limitations of the data and its analysis:

- **Representativeness:** The data necessarily reflect the compensation paid at only those facilities which supply FLA-affiliated companies that participated in the data collection process – they do not necessarily reflect wider trends or prevailing wages in the sector or country.
- **Worker Coverage:** The data cover the compensation of the four largest occupations within the factory. While the FLA's data collection does not exclude workers provided by third parties such as agencies, the 2015 data did not find such employees.
- **Static Representation of Dynamic Data:** The data collection process entails data capture at three different points, each corresponding to a production season, meaning that both mandated and effective compensation are likely to change through the collection period. The use of multiple data points was designed intentionally to mitigate the seasonal fluctuation of wage figures. However, the trade-off of such design is that the median for the entire data collection period cannot correctly depict the dynamic changes in compensation. For those factories where mandated wages had changed over the collection period, we have included both legal minimum wages as benchmarks for the compensation charts to reflect the changes.

### Compensation Data Collection

#### Sampling

SCI on-site assessments capture detailed compensation information and workers' basic demographic information such as occupation, gender and seniority in the organization. Wage data were collected over three different months reflecting low, regular, and peak seasons respectively, in order to reflect seasonal variation in take-home pay for workers.

The data are based on a statistically estimated sample of both suppliers and workers:

- A randomly selected sample of between two and five percent of FLA affiliates' supplier base (maximum of 20 factories)

- A randomly selected sample of factory workers, the size of which is determined for each factory according to a statistical power analysis (power = 0.80 and an alpha/significance level = 0.05) based on the pilot data from the Basic Needs Wage Pilot conducted by the FLA in 2014 using similar methods.

Because of how some of the data were returned, the FLA made some adjustments to the final data sets to ensure the data reflect as accurately as possible the compensation levels in suppliers and do not result in skewed findings.

- **Partial attendance:** For most factories, the data sets include newly employed workers who had been serving for less than one month, part-time employees, or those who had a long absence due to maternity or sickness. Even though our data analysis uses medians, the results might still be affected if a large number of such cases of partial attendance were included. To accommodate this issue, for a small set of factories where a large number of such outliers exist, we dropped outliers that are below the level of 75 percent of the applicable legal minimum wage. This cut-off level is used because, while non-compliance with minimum wage payment requirements remains a challenge in many jurisdictions, in FLA experience non-compliance with minimum wages — found in approximately six percent of assessed factories in 2015 — tends to fall within the first quartile below the rate of the national minimum wage.

- **Applicable legal minimum wage:** The compensation data collection asks factories to provide data from three months (over the past 12 months), each month corresponding to a different production season — low, regular, or high. Inevitably, legal minimum wages changed in some countries during the 12 month period. For those factories affected by such changes, compensation charts show the earlier minimum wage figure as a benchmark because using the higher, more recent benchmark might give the wrong impression of a pay violation when there is none. Both legal minimum wages are included in the benchmark table below the charts.

## Fair Compensation Analysis

The FLA's compensation charts are a simple but effective way to convey complex information about the relative value of compensation compared to the economic needs of households. The benchmarks and cost-of-living figures used in the charts provide important context for actual compensation data but do not represent endorsement of specific compensation levels as goals. FLA's approach is ensure that the message these benchmarks convey is as accurate as possible given the political and macro-economic pressures faced within a country, and to be transparent about assumptions and judgments involved in the analysis. To do this, benchmarks are adjusted to ensure that they are current within the same year and useful for comparison/analysis in line with the Fair Compensation Strategy. The following are adjustments that have been made to benchmarks included in the compensation charts:

- **All values are converted to monthly equivalents:** Daily benchmark values are converted to monthly equivalents on the basis of the legal working week in the case of wage-income benchmarks

or an average number of days per month (365 days / 12 months) in the case of cost-of-living or poverty figures. Where benchmark values are presented annually or weekly, these are converted to monthly on the basis of the same assumptions.

- **Adjustment for inflation:** This is the most common adjustment made. To ensure that older cost-of-living estimates and poverty lines are suitable for analysis against 2015 compensation data, they have been adjusted for inflation through to year 2015 based on consumer price inflation (CPI) data. This adjustment means that the benchmarks may be higher than the latest officially published values where official agencies do not update these figures regularly.

- **Extrapolating benchmarks to reflect the needs of households:** Employment income sustains workers and their dependents, so benchmarks which represent ‘economic needs’ are extrapolated to reflect household needs. This requires that data reflecting individual (per-capita) expenditure needs are multiplied by an adult-equivalent number of household members, and divided by the average number of earners in the household. Household poverty lines and cost of living estimates are therefore extrapolated – where necessary – on the basis of FLA’s assumption of a single earner household with two dependents. This calculation is made as follows:

$$\text{Monthly equivalent household} = \text{Per capita amount per month} \times \frac{(2 \text{ (Adult equivalent household members)})}{1 \text{ earner}}$$

Benchmarks used in fair compensation analysis are drawn from National Statistics Agencies and third party sources. These are referenced and explained based on publically available materials. However, we are unable to validate or make claims on credibility of the data or the collection methods used. Any additional known limitations regarding specific benchmarks are indicated clearly in the benchmark notes that accompany each country/chart.

## Appendix D: Risk Analysis Measures

INDICATOR	Measure/Source	Rationale	Weight
<b>Effective factory-level wages</b>	FLA 2015 SCI factory-level average wage data for country, converted to PPP\$, ranked.	Direct measure of pay	25%
<b>Purchasing power of minimum wage</b>	Applicable 2015 legal minimum wages converted to PPP\$, ranked. [Source: National official sources]	The applicable legal minimum wage tends to be prime determinant of wages in low-paying industries	25%
<b>Real increase to minimum wage since January 2014</b>	Percentage change (real increase) between the applicable legal minimum wage in January 2014 and January 2016	Measure of extent to which applicable legal minimum wage tracks inflation over a 24-month period	10%
<b>Pay Violations</b>	Incidence of key legal pay violations (concerning minimum wage, overtime premium, timely payment, and false pay records) in 2015 FLA SCI assessments.	Measure of frequency of legal pay violations	15%
<b>Gross National Income (GNI)</b>	Gross national income, per capita [Source: World Bank]	This measure correlates with social and economic well-being. Lower GNI per capita is associated with lower incomes and poorer quality of life.	10%
<b>Worker empowerment and voice</b>	<p>What is the country's score on the International Trade Union Confederation (ITUC) Global Rights Index? [Source: ITUC, 2016]</p> <p>Are wages set through collective bargaining in the sector? [Source: FLA research]</p> <p>Is there a tripartite minimum wage-setting mechanism with active, permanent participation from workers' representatives? [Source: FLA research]</p>	Stronger worker voice and participation in wage-setting processes translates into higher wages	15%