



TOTEME

Living Wage Policy 2024

## INTRODUCTION

A living wage is a salary that is high enough for an individual to meet their and their families' basic needs as well as have some discretionary income to maintain a dignified and healthy standard of living. Paying a living wage is not as straight-forward as it may seem, given that brands like ours manufacture their products in collaboration with suppliers who in turn employ their own workers and subcontractors. Some suppliers may lack the information and resources needed to pay living wages or they may choose to keep prices (and, as a result, salaries) low to compete in the marketplace.

At TOTEME we believe that every worker involved in our supply chain should earn, at the very least, fair compensation in the form of a living wage and we are actively working with our suppliers and external organizations such as [Fair Wear](#) to ensure this happens. Paying a living wage will not only improve the wellbeing of our and our suppliers' employees, but will also enhance our products' quality and value and uphold our reputation as a business.

This Living Wage Policy, which is signed off by our executive board and enforced by our Chief Executive Officer (CEO) and Sustainability Director, is a statement of our commitment to paying living wages and of our efforts to collaborate with all our suppliers and their subcontractors toward this goal. We take responsibility for this policy, its development and improvement as part of our ambition to help shape a more ethical, inclusive and sustainable fashion industry.

## KEY DEFINITIONS

### LIVING WAGE

The International Labour Organization (ILO)'s Conventions 26 and 131 state that "wages and benefits paid for a standard working week shall meet at least legal or minimum industry standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income." Food, housing, healthcare, education and transportation are all considered basic needs.

TOTEME acknowledges the challenges behind defining a standard for living wages and understands that what this means can vary from country to country. Our approach to living wages is shaped by international guidelines such as the ILO's Conventions and the advice of expert organizations such as Fair Wear. Overall, a living wage should ensure that an individual can live a dignified life and participate in their community.

### DEDUCTIONS

A deduction happens when a certain amount is taken out of a worker's salary. At TOTEME, we do not allow salary deductions as disciplinary actions. Any deductions made – for tax reasons, for instance – cannot result in the worker receiving less than the living wage. If any deductions were to take place, employees must be adequately and clearly informed, including detailed information on wage rates and payment period.

### COLLECTIVE BARGAINING AGREEMENT (CBA)

A CBA is a written legal contract between a union representing workers and the workers' employer that establishes wages and working conditions. In situations where a CBA exists, the employer must pay the wages stated by it. In situations where a CBA does not exist, the employer must pay the national minimum wage set by the local government.

## OUR COMMITMENT

As a Fair Wear member, we seek out suppliers who commit to manufacturing our products in fair, healthy and safe working conditions, including paying a living wage as a minimum. To ensure this, we already take or plan to take the following actions:

### ASSESSMENT

- Conducting regular living wage assessments in the countries where we operate, taking into account the local cost of living, social welfare system and other factors.

### TARGET SETTING

- Setting and meeting wage targets that match or exceed each country's living wage.

### POLICY EDUCATION AND ENFORCEMENT

- Ensuring our executive team members, employees, suppliers and business partners have access to and assume responsibility for this policy as well as other policies such as Responsible Purchasing Practices, Responsible Business Conduct, Human Rights, and Code of Conduct.

## IMPLEMENTATION

- This Living Wage Policy is signed off by our executive board and enforced by our Chief Executive Officer (CEO) and Sustainability Director. Adjusting employees' wages so that they match or exceed the local living wage.
- Giving employees clear and accessible information about their wages and benefits.
- Including a Code of Labor Practices (which include a section on paying a living wage) in our contracts with suppliers.
- For situations where a CBA is not in place, evaluating the cost breakdown behind prices to ensure that paying a living wage is possible.
- Following our Responsible Purchasing Practices Policy to eliminate situations where suppliers might feel forced to offer lower prices and, as a consequence, salaries.
- Facilitating training and developing initiatives to acknowledge and tackle gender inequality and discrimination.

## COLLABORATION

- Learning from and seeking support from key organizations such as Fair Wear.
- Collaborating with suppliers to assess living wages in their countries and jointly implementing changes to match or exceed them.
- Offering support and resources to our suppliers to encourage them to pay a living wage. This includes Fair Wear's [Fair Price](#) app, a price-calculation tool for brands and suppliers to jointly and transparently assume responsibility for labor costs.

#### MONITORING AND CORRECTIVE ACTIONS

- Regularly monitoring our progress toward meeting living wage targets and identifying improvement areas.
- Carrying out audits in both high and low-risk countries.
- Developing Corrective Action Plans (CAPs) to identify improvement areas and set timeframes with our suppliers to tackle them.
- Inviting our direct employees to take part in Net Promoter Score (eNPS) surveys twice a year to measure their satisfaction levels on various topics, including wages.

#### CONTINUOUS IMPROVEMENT

- Learning from the latest research and listening to a wide range of stakeholders such as workers, local communities, retailers, suppliers, unions, governments and non-governmental organizations to find more and better ways to ensure living wages are paid across the board.
- Regularly reviewing and updating this Living Wage Policy to align with evolving industry standards and best practices.

#### TRANSPARENCY AND REPORTING

- Publishing our manufacturing and fabric suppliers on [Open Supply Hub](#) for transparency.
- Communicating our progress toward paying living wages annually in our [Social Report](#), including information on achievements, challenges and ongoing actions.

