



P r e s s r e l e a s e

Dispute at one of JM's worksites: JM's skilled workers reject hourly wages of around SEK 140 and demand straight piece rates

JM has presented several proposals for performance-based payment systems – systems that were previously accepted by all parties in some 40 projects where skilled workers received wages of around SEK 140-145 per hour. In spite of this, skilled workers at one of JM's worksites in Stockholm demand piece rates according to the Stockholm price list. Instead, the so-called base rate has been reached with an hourly rate of SEK 96.50.

"The proposals we presented have given our workers hourly rates of around SEK 140-145 in earlier projects, a level we guarantee is fully possible to reach in this project as well. At the worksite in question, the union representatives rejected the proposal even though the agreement clearly states that 'the company shall draw up and present the basis for negotiations on the performance-based payment system'. This has given rise to a dispute," says Mats Åkerlind, Managing Director of JM Stombyggnad AB and JM Inredning AB.

"The outcome of central negotiations is that the 'parties are not in agreement' and that we have reached the base rate of SEK 96.50 per hour. We regret the consequences this will have for our skilled workers, whose wages may decrease by up to 35%".

"We will initiate discussions during the week to try and reach a solution."

JM does not accept piece rates for the following reasons:

1. Straight piece rates are no longer applied

In Stockholm and the rest of Sweden, the industry has largely abandoned payment by results. Straight piece

JM AB is a public limited company listed on the Stockholm Stock Exchange, and is Sweden's leading residential developer. The company has around 2,200 employees in Sweden, Norway and Denmark and annual turnover of approximately SEK 6 billion. The company's core business is project development of centrally located residential and commercial properties in expansive areas. JM's operations are characterised by a focus on quality and the environment.
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rates, which originated around one hundred years ago, are considered obsolete. Piece rates have evolved to the extent that hourly wages no longer reflect higher productivity – working at a faster pace. Today straight piece rates are applied at only **five worksites** in Stockholm, of which three are in the JM Group.

2. Piece rates hinder development

With their different prices for different ways of working, straight piece rates control the building process, i.e. how we carry out construction. This makes it difficult for us to develop new and better methods that are both potentially cheaper and less strenuous for our workers.

3. Straight piece rates have a negative effect on the working environment

We can clearly see that piece rates entice our workers to use fewer personnel on the worksite than are actually required to do a satisfactory job – resulting in greater stress and increased work injuries. The company and its employees have drawn up a stress reduction program which expressly states that we can accept somewhat longer building times and more workers at our worksites in order to reduce stress. The problem is that straight piece rates don't provide scope for additional manhours with a given work volume, if you want to maintain wage levels at the same time. Straight piece rates mean that the lower the number of workers needed to carry out a task, the higher the wages. But they also create costs for the company in the form of sickness absence, a higher rate of early retirement, lower quality and increased measures to correct errors and defects. On the whole, these factors lead to lower productivity.

4. JM builds and develops its own projects

Straight piece rates have their origins in contracting services sold on the open market to external buyers with a range of different projects and products, and developers who provided the necessary documentation, e.g. blueprints. A building contractor must be prepared to alternately build single-family homes, offices, apartment complexes and industrial facilities, and needs a system that allows for production starts without

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detailed cost estimates and has the necessary margins to accommodate these conditions.

Since the personnel in JM Stombyggnad and JM Inredning work only in Stockholm, build only JM-developed housing with the JM standard, and in most cases all of the same size – detached home teams build detached homes, bigger teams build apartment complexes, and so on – we are so specialized that a general piece rate price list is not applicable in our operations.

5. J M invests in its employees

a) All of JM's skilled are given opportunities for ongoing training in their occupational fields, the work environment and safety, computer skills, quality and the environment. Furthermore, in many cases they are offered training for positions such as foremen in the group in order to provide career opportunities they would otherwise have missed.

b) Most skilled workers have the option of participating in an organized warm-up before work to reduce injuries. All are given the opportunity to exercise during working hours according to a personal training program, in order to increase strength and agility in the most hard-worked muscle groups. Our skilled workers will be given individually adapted and tested work boots to alleviate back and foot strain.

c) Parallel to this, we continuously develop new methods, processes and approaches to facilitate work and promote cooperation in the company.

6. J M is a wage leader

The payment system that is applied by JM, and which the construction workers' union now opposes, makes the company an undisputed wage leader in our sector – housing production. Our skilled workers are paid rates equivalent to an annual salary of SEK 300,000, i.e. around SEK 25,000 per month. They are also compensated for travel expenses, which is not common practice in other industries. This compensation amounts to an average of SEK 3,000. With this addition our skilled workers are paid monthly wages of SEK 28,000,

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which easily places tem in Sweden's top tenth income percentile – in all categories!

Today JM is being used by the unions as a "locomotive" to pull up other companies' wage rates, which we consider entirely unacceptable.

"All in all, these factors mean that JM simply cannot accept piece rates in our operations. I want to make it very clear that we have in no way sought a conflict. Unfortunately, the only ones to suffer from this dispute are the workers themselves", concludes Mats Åkerlind.

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