

Translated from Icelandic:

# **Collective Agreement**

between

The Icelandic Association of Consulting Engineers (FRV),  
on the one hand,

and

The Society of Chartered Engineers and the Icelandic Society of  
Engineers,  
on the other hand

**June 2008**

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# 1 INTRODUCTION

## 1.0. **Parties to the agreement**

- 1.1.1. The parties to this agreement are the Icelandic Association of Consulting Engineers (FRV) on behalf of employers, and the Society of Chartered Engineers (SV) and the Icelandic Society of Engineers (KTFI) on behalf of the employees.
- 1.1.2. In this agreement, the employer is every undertaking that is a member of FRV.
- 1.1.3. In this agreement, the employee is every member of SV or KTFÍ who is in the service of the employer, cf. Article 1.1.2., as well as other employees in the service of the employer, who meet the membership conditions of these societies, cf. however, Article 7.1.1.

## 1.2. **Employment agreement**

- 1.2.1.1. A written employment agreement shall be entered into immediately upon the commencement of the employment period. In this agreement an employment agreement means an agreement between the employer and the employee as it is at any time regarding the employment of an employee, the workplace, sphere of duties, the monthly pay and other that which pertains to the terms and facilities of the employee. This wage agreement constitutes a part of such an employment agreement. Provisions in an employment agreement on worse employment terms than those entailed in this wage agreement are invalid.
- 1.2.2. The mutual cancellation period of an employment agreement is three months. The mutual cancellation period of the agreement, during the first three months of employment, however, is one week.
- 1.2.3. This collective agreement does not affect the provisions of the current employment agreements or workplace agreements in respect of a better legal position than that entailed in this agreement.

## 1.3. **Workplace agreements**

- 1.3.1. In this agreement a workplace agreement means an agreement between the employer and the employee and the organization of employees at the workplace, a workplace group in this agreement, about the employment terms and facilities of the employees who are members of the workplace group, provided the provisions

of the workplace agreement are not in breach of the Act on the Rights of Employees.

## **2. WORKING HOURS**

### **2.0. Provision on authorization**

2.0.1. The provisions of Section 2 of the workplace agreement may be deviated from in which instance the provisions of the workplace agreement shall prevail over the provisions of this wage agreement regarding the employees who are parties to the workplace agreement.

### **2.1. Regular day work**

2.1.1. In this agreement a workday means any regular day of the week other than Saturdays.

2.1.2. The regular day work is 38 hours per week.

2.1.3. Regular day work shall be carried out during such time as agreed upon at every workplace. Such work shall generally be carried out on workdays during the period 8:00-17:00 hours.

2.1.4. The holidays are as follows:

- 1 New Year's Day
- 2 Maundy Thursday
- 3 Good Friday
- 4 Second Day of Easter
- 5 First Day of Summer
- 6 1 May
- 7 Ascension Day
- 8 Second Day of Whit Sunday
- 9 17 June
- 10 Office and Store Workers holiday
- 11 Christmas Eve
- 12 Christmas Day
- 13 Second Day of Christmas
- 14 New Year's Eve

2.1.5. The daily meal break shall be 30-60 minutes during the period 11:30-13:30 hours and shall not be considered as worked time.

2.1.6. The daily coffee break shall be 15 minutes, to be taken in the afternoon, and is considered as worked time.

2.1.7. Shorter work duty than 38 hours per week is deemed as being part-time work according to this agreement.

## **2.2. Overtime**

2.2.1. Any work in excess of the regular day work is considered as overtime.

2.2.2. If the employer issues instructions on overtime that is not in direct connection to the regular working hours, at least 3 hours shall be calculated. Exempt, however, is work which the employee decides when should be carried out.

2.2.3. If the employer issues instructions on overtime amounting to more than 3 hours per day, a one-hour meal break shall be allowed. If such overtime exceeds 10 hours per day an additional one-hour meal break shall be allowed. Such meal breaks shall be calculated as worked time. These provisions do not apply if deciding overtime is only in the hands of the employee.

## **3. WORKPLACE, FACILITIES, TRAVEL**

### **3.0. Provision on authorization**

3.0.1. The provisions of Section 3 of the workplace agreement may be deviated from in which instance the provisions of the workplace agreement shall prevail over the provisions of this wage agreement regarding the employees who are parties to the workplace agreement

### **3.1. Work and facilities**

3.1.1. The work of the employee is divided into work at a permanent workplace, work at a temporary workplace, and work during travel.

3.1.2. The facilities at the workplace shall conform to law and regulations on safety, health and hygiene at the workplace. In instances where special protective clothing or safety equipment is necessary, the employee shall be provided with such gear free-of-charge. The protective clothing and safety equipment shall be the property of the employer.

3.1.3. If an employee provably suffers damage to his general necessary clothing or items at work, for example, his watch, spectacles, etc., the employer shall compensate the employee's damage according to an assessment thereon. If an agreement is not reached, the focus shall be an assessment by one representative of each party to the wage agreement. Damage will only be compensated if it occurs because of a mishap at the workplace. Damage that may be traced to the employee's negligence or carelessness shall not be compensated.

### **3.2. Permanent workplace**

3.2.2. A permanent workplace, according to this agreement, is the workplace that is the principal venue of the work of the employee according to the employment agreement.

### **3.3. Temporary workplace**

3.3.1. If an employee is temporarily placed to work at another workplace than his permanent workplace, however not less than for 1 month, such a workplace shall be considered as temporary workplace according to this agreement.

3.3.2. The employer shall pay the costs sustained by the employee because of work at a temporary workplace. The settlement of the costs shall be based on Articles 3.3.2.1.-3.3.2.3.

3.3.2.1.1. a) The employer provides the employee, free-of-charge, with satisfactory accommodation for him and his family, and shall bear the costs of the travels of the family and the transportation of the household effects upon the beginning and end of the consecutive work at the temporary workplace. Travels are considered as worked time by the employee.

**Or:**

b) The employer provides the employee, free-of-charge, with accommodation, generally in a single room with access to satisfactory hygienic facilities, a bathroom and access to a joint living room, pays the employee's normal meal costs and provides him with free transportation during working hours from and to the home at least every other week. The travel to and from the home shall not be less than 48 hours.

**Or:**

c) The employer provides the employee with daily transportation, free-of-charge, during working hours from and to the home, and pays his regular meal costs.

3.3.2.2. The employer shall pay the employee and a monthly location allowance, which is deemed as appropriate reimbursement for the increased costs of obtaining daily necessities and for affecting his daily habitat.

3.3.2.3. If the temporary workplace is outside of regularly populated areas, for example, construction at the Icelandic highlands or similar, the employer and the employee should enter into an agreement on a location allowance etc. Such an agreement shall state the following as a minimum:

- a) The project period
- b) The employee's work arrangement

- c) The pay supplement to the employee (location allowance)
- d) The travel frequency to and from the employee's home

3.3.2.4. The employee and the employer shall in advance enter into a written agreement on the payment of expenses and other terms of the employee, cf. the aforementioned. Deviating from the provisions of Articles 3.3.2.1.-3.3.2.3. is permissible such that the employee bears the costs of travels and/or stay in return for a fixed amount or a monthly payment.

### **3.4. Work during travel**

- 3.4.1. Employee's work outside of his permanent or temporary workplace is considered as work during travel.
- 3.4.2. The employer reimburses the employee his paid expenses because of travel tickets, meals, accommodation etc., according to an invoice there.
- 3.4.3. The employer pays an absence fee, 1% of the monthly pay of the relevant employee, for every night of absence.
- 3.4.4. In the instance of the absence of satisfactory accommodation for the employee on travel, the employer shall bear all costs of improvement.
- 3.4.5. Travel time is calculated as worked time. Travel time outside of regular day-work hours is deemed as overtime unless otherwise agreed upon in advance.
- 3.4.6. If the employee foreseeably has to submit considerable funds for the payment of travel expenses, he shall have the right to advance payment of the estimated travel expenses.
- 3.4.7. Negotiating another arrangement of the payment of travel expenses than provided for above is permissible (for example, the payment of per diem).

### **3.5. Work abroad**

- 3.5.1. If an employee is sent to work abroad, a special agreement shall be entered into regarding the payment of travel and living expenses with respect to the aforementioned.

### **3.6. Use of employee's own vehicle**

- 3.6.1. If an agreement is entered into on the employee using his own vehicle in his work, the employer shall pay him for such use.
- 3.6.2. A charge per km shall be paid, which shall not be lower than the km-scale as determined by the State Driving-Expense Committee as it is at any given time. No

individual journey shall be calculated as less than 10 km. A journey that is longer than 5 km, up to 20 km, shall be calculated as 20 km.

- 3.6.3. If the employee generally has his vehicle available at the workplace at the request of the employer, the employee shall be paid a monthly allowance for this. It is furthermore permissible to negotiate a monthly remuneration for the regular use by the employee of his vehicle for the employer.

### **3.7. Luggage insurance**

- 3.7.1. The employee is authorized, in connection with travel on behalf of the employer, to take out regular insurance for his luggage at the employer's expense, provided his luggage is not otherwise insured.

## **4 VACATION**

- 4.1. Vacation as provided for by law

- 4.1.1. Vacation is as provided for by law, and today the vacation right is 24 regular workdays per year.
- 4.1.2. An employee who has reached the age of 32 in the calendar year under which the summer vacation period falls, also receives an additional vacation of three regular workdays per year. At the age of 40, he receives additional vacation of three workdays per year.

### **4.2. Vacation pay**

- 4.2.1. The employee receives his full monthly pay during vacation, provided he has been in full employment by the employer for the whole of the previous vacation year.
- 4.2.2. An employee, who has held a part-time position during the last vacation year or full employment with the employer for only a part of the vacation year, shall receive a proportional vacation pay based on the worked regular day-work hours weighted against all regular day-work hours in the last vacation year.
- 4.2.3. If an employee ceases working for his employer, he shall be paid wages for his unused vacation right, including the proportionally earned rights during the current vacation year.
- 4.2.4. The employer pays vacation pay on overtime pay:
- 10.17% until the age of 32
  - 11.59% from 32-40 years of age
  - 13.04% from the age of 40

- 4.2.5. An employee, who has already earned rights in excess of that stated in Article 4.2.4. (11.2%), maintains this right with the same employer.

**4.3. Illness during vacation**

- 4.3.1. If an employee proves by means of a medical certificate that he was unable to enjoy his vacation at the specified time due to illness, such days of illness shall not be considered as vacation days.

**5 ILLNESS, ACCIDENT, MATERNITY/PATERNITY LEAVE**

**5.0. Provision on authorization**

- 5.0.1. The provisions of Section 5 of the workplace agreement may be deviated from in which instance the provisions of the workplace agreement shall prevail over the provisions of this wage agreement regarding the employees who are parties to the workplace agreement

**5.1. Medical certificate**

- 5.1.1. If an employee becomes ill or suffers an accident, and is unable for this reason to come to work, he shall immediately notify his employer, who decides whether a medical certificate will be required which shall be payable by the employer.

**5.2. Pay during sick-leave**

- 5.2.1. In the interpretation of this Article, pay means monthly pay and other regular payments to the employee according to the employment agreement.
- 5.2.2. The employee maintains his full pay for as long as his absence due to illness or accident counted in workdays does not exceed 60 per every 12 months. Days of absence in excess of 60 are calculated at half pay, however, not in excess of 60 workdays per every 12 months. After 10 years of employment with the same employer, each 60-day period increases to 90 days and after 15 years of employment to 120 days. After 20 years of employment, the employee maintains his full wages for 240 days. During the first 6 months of employment with the same employer, however, full wages are not paid for absence in excess of 30 workdays and half pay for as long as 30 more workdays.
- 5.2.3. An employee is authorized to use up to 7 days of absence, cf. Article 5.2.2., because of the illness of his children under the age of 13, provided other care cannot be arranged. After one year of employment with the same employer the employee is authorized by the same token to use as much as 10 workdays for the same purpose.

The right, cf. paragraph 1, also applies to a foster parent or a guardian who is the provider for a child and replaces a parent.

- 5.2.4. If the aforementioned ceilings are reached, the payment of wages ceases altogether to the employee until he begins working again.
- 5.2.5. If an employee has reached 2 years seniority upon new recruitment, negotiating a deviation from the aforementioned age limits is permissible, for example, such that he immediately receives the same right after three months as a person who has 1 year employment with the same employer.
- 5.2.6. To the extent as provided for by law in respect of further rights to payment during illness or accident, for example, Act no. 19/1979, the employees shall enjoy such rights.

### **5.3. Maternity/paternity leave**

- 5.3.1. Employees' maternity/paternity leave shall be in conformity with law (currently Act no. 95/2000).
- 5.3.2. The earned rights of an employee, according to a previous collective agreement to the effect that payments during maternity/paternity leave shall never be lower than the fixed monthly pay of the employee, are not reduced. If payment from the Maternity/Paternity-Leave Fund does not reach the amount of the fixed monthly pay of the employee, the employer shall cover the difference.

### **5.4. Sick-Fund**

- 5.4.1. The employer shall make contributions to the Sick-Funds of SV and KTFÍ, amounting to 1% of the total pay of the employees that provably are members of the relevant trade unions.

## **6 INSURANCE**

- 6.1.1. The employer shall take out accident insurance for the employee according to the prevailing general conditions on work-accident insurance of employees with the Association of Icelandic Insurance Companies.
- 6.1.2. The insurance shall take effect when the employee's work with the employer begins and becomes invalid as soon as his employment comes to an end. The insurance shall be in effect around-the-clock.
- 6.1.3. In the instance of the employee having insurance that provides him with a comparable right as the insurance cf. this agreement, the employee is authorized

to negotiate with the employer about the premiums regarding the accident insurance being used to pay the premiums of said insurance, which shall then replace the agreed insurance.

- 6.1.4. If the employer becomes liable towards the employee who has an accident insurance as per this agreement, the accident damages, which may be paid the employee cf. the provisions of this agreement, shall be fully deductible from the damages the employer may have to pay.
- 6.1.5. The insurance amounts shall be revised four times per year and shall increase in conformity with the increases of the consumer index during the last consecutive three-month period prior.
- 6.1.6. Death compensation for every individual, if an accident causes death, shall be as stated in the table in Article 6.1.8.
- |   |   |
|---|---|
| 1 | If the deceased was unmarried and does not leave behind a child under the age of 17 and was not the provider for an aged parent, 67 years of age or older, A ISK                              |
| 2 | If the deceased was unmarried, however, leaves behind a child (children) under the age of 17 and/or was provably the provider for an aged parent or parents (67 years of age or older), B ISK |
| 3 | If the deceased was married, in confirmed cohabitation or in registered cohabitation, the compensation to the spouse is, C ISK  |
| 4 | If the deceased leaves behind a child (adoptive child, foster child) under the age of 17, for each child, D ISK   |
- Compensation is only paid according to one of items 1, 2 or 3. In addition to items nos. 2 and 3, compensation may be paid cf. item 4.
- 6.1.7. If an accident causes an insured person permanent disability within three years from the time of an accident, compensation is paid on grounds of the amount that was in effect on the day of the accident and as stated in Item E of the table in Article 6.1.8. according to the rules stated below. Compensation for permanent disability is a proportional payment of the insurance amount, however, such that every disability level from 26% to 50% is double, and every disability level from 51% to 100% is triple. Compensation for 100% disability is therefore 225% of the disability-compensation amount as stated in Article 6.1.8.
- 6.1.8. The insurance amounts A, B, C and D, Article 6.1.6. and E, Article 6.1.7., are as follows, based on the consumer index 304.4 points in May of 2008:

A	2,261,224
B	6,557,554
C	8,366,535
D	1,808,980
E	10,220,737

## **7 RIGHTS AND DUTIES**

### **7.1. Trade union membership**

- 7.1.1. The trade unions acknowledge the rights of owners to remain outside of trade unions. The employer agrees not to hire other employees, cf. Article 1.1.3., that those who are members of the trade unions, except subject to the consent of the board of the relevant union, provided the union allows membership to the employees who may be hired or are working with the employer.
- 7.1.2. The employer notifies the relevant trade union about the hiring of new employees, as well as when employment ceases.
- 7.1.3. Owner, cr. Article 7.1.1., is deemed as being any employee of an FRV undertaking, who also
- A holds unlimited liability for its operation as one of the owners or
  - B holds limited liability for its operation as one of the owners/shareholders, provided that his average share of ownership in the undertaking is at least 40% of the average share of ownership in the undertaking and at least 8% of the share of ownership by the owner who holds the largest share in the company, either which is higher, provided the owner has worked for full 8 years in his field of work.

### **7.2. Confidentiality**

- 7.2.1. The employee is obligated to maintain full confidentiality about matters he may learn of in his work and which shall remain secret cf. the instructions of management or on grounds of the nature of the matter. The duty of confidentiality remains intact even though the collective agreement is cancelled or if employment ceases.

### **7.3. Advanced education**

- 7.3.1. The employee shall have an annual right to use as much as 10 workdays at full regular day-work pay to attend conferences, educational meetings, lectures and courses, and to engage in other organized advanced education in his profession, and such time shall be taken in collaboration with the employer.
- 7.3.2. The employer shall generally pay the direct paid expenses of the employee from attending conferences, courses and such, within the aforementioned limits.

## **8.0. Provision on authorization**

- 8.0.1. The provisions of Section 8 of the workplace agreement may be deviated from in which instance the provisions of the workplace agreement shall prevail over the provisions of this wage agreement regarding the employees who are parties to the workplace agreement

## **8.1. Seniority**

- 8.1.1. Seniority is calculated in whole years as the period that has passed from the final exam month less the period during which the employee has carried out other work than in his profession. Upon completion of the earning of a M.Sc. Degree or comparable exam, seniority is deemed as being at least 2 years.

## **8.2. Monthly wages and salaries**

- 8.2.1. The monthly pay in the interpretation of this agreement is the average pay of wages/salaries for regular day work for one month.
- 8.2.2. The monthly pay shall be determined on grounds of the employee's seniority, work experience and his expert knowledge, and of the responsibilities entailed in his work.
- 8.2.3. The monthly pay shall be reconsidered when significant change occurs in the sphere of duties and/or the responsibilities of the employee, and such a change applies to a longer period of time than 6 weeks, and other when special reason is deemed to exist.
- 8.2.4. Wages/salaries shall be negotiated in respect of the employment and workplace agreements.

Differentials shall be paid for work entailing extensive responsibility and/or professional knowledge.

The following sphere of duties (job title) shall generally be categorized as positions for which differentials shall be paid:

Specialist  
Project manager  
Chief civil engineer  
Managing director

- 8.2.5. The wages/salaries according to this agreement shall be increased during the contractual period as follows:

5% effective as of 1 August 2008

### **8.3. Overtime pay**

- 8.3.1. Overtime shall be paid by the hour for every worked hour in excess of the regular day work.
- 8.3.2. The hourly rate for overtime is 1.0385% of the employee's monthly pay.
- 8.3.3. A fixed monthly remuneration for overtime may be negotiated, provided the remuneration is based on a realistic evaluation of overtime hours.

### **8.4. Pension fund dues**

- 8.4.1. The pension fund dues shall amount to 12% of the principal, cf. 8.4.4., and shall be calculated in whole ISK (Icelandic kronas).
- 8.4.2. The employer pays 2/3 of the pension fund dues, whereas he withholds 1/3 from the pay of the relevant employee.
- 8.4.3. The employer pays pension fund dues in respect of the members of SV to the Pension Fund of Civil Engineers and to the General Pension Fund regarding the members of KTFÍ, or to other current pension funds which the employer and the employee agree upon.
- 8.4.4. The principal amount for calculating the pension fund dues is the monthly pay of the relevant employee. In addition to the dues based on the principal amount, the employee pays 4.0% and the employer 8.0% of the overtime pay to the pension fund.
- 8.4.5. In instances where the employee makes a 2% additional contribution to a special pension-savings fund, the employer makes a 2% counter contribution to the relevant fund.

### **8.5. Due dates**

- 8.5.1. Wages/salaries and other payments to the employee according to this agreement shall be paid at the end of the period, i.e. on the first work day of every month.
- 8.5.2. Paid expenses by an employee traveling on behalf of the employer or other shall be paid against the presentation of invoices, cf. also Article 3.4.6.

8.5.3. Postponing the settlement of irregular payments for as long as until the 10<sup>th</sup> day of the month is permissible.

## **9 PERIOD OF VALIDITY, ETC**

9.1.1. The collective agreement is enters into effect as of 1 August 2008.

9.1.2. The collective agreement is in effect until 30 April 2009.

9.1.3. This agreement replaces the agreement of FRV with the Society of Chartered Engineers and the Icelandic Society of Engineers, dated 3 December 2004, and the extension of said agreement according to the document dated 7 December 2007.

Reykjavík, 23 June 2008

Subject to the consent of  
The Society of Chartered Engineers  
and  
The Icelandic Society of Engineers

Subject to the consent of  
The Icelandic Association of  
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