

COLLECTIVE WAGE AGREEMENT

**Between The Confederation of
Icelandic Employers (Samtök
Atvinnulífsins, SA)**

and

**The Union of Constructing Architects (Stéttarfélag byggingafræðinga,
SFB),
the Union of Computer Scientists (Stéttarfélag tölvunarfræðinga, ST),
the Association of Chartered Engineers in Iceland (Verkfræðingafélag
Íslands, VFÍ)**

Valid from July 1, 2018

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Scope and objective of the agreement

This agreement applies to members of the Union of Technicians in Iceland, the Union of Constructing Architects, the Union of Computer Scientists and the Union of Engineers that work for companies that are members of the Confederation of Icelandic Employers and perform jobs that require university education.

The objective of this agreement is to ensure that members of the aforementioned associations, covered by Icelandic Law no. 80/1938, and are working in the private sector, enjoy equivalent rights as employees of other unions in the private sector.

1. CHAPTER Wages

1.1. Wage determination

Wages and other working conditions of those who have a university degree are determined in a contract of employment between the employer and the employee. The wage levels and combinations thereof, etc. are subject to the provisions of the contract of employment.

It is permitted to negotiate a fixed monthly salary of an employee in a contract of employment, which sets out the total wages of the employee in respect of their work for the employer,

The form and content of the contract of employment are according to article 5.1.

Wage terms of university graduates are determined by what is concluded on the market. When negotiating wages, employer and employee can, among other things, take salary surveys into account, as well as wage structure standards of the employer in question. The wages shall otherwise reflect workload, skills, education and competence of the concerned employee, as well as the field of work and the responsibility involved. When determining wages, the provisions of the Equal Status Act shall be met.

An employee is entitled to an interview regarding his work activities with his boss once a year, discussing, among other things, performance, objectives and possible changes in working conditions. A conclusion shall be reached within a month.

Annotation:

Wages and other working conditions of university graduates are determined in a contract of employment between the employer and the employee, and it is assumed that the employee can ask for an interview with his boss once a year regarding changes in working conditions. It is preferable for the employer to take the initiative to interview all employees that this collective agreement applies to, since employees have expectations of an annual interview to discuss performance, the working environment and wage developments. During the interview for possible changes in working conditions the employer and the employee can, among other things, take into account wage changes in wage agreements in the private sector and the

general wage developments for university graduates, how well the company is doing and how the employee's success and performance in his work will affect his personal wage development. In this context, a formal assessment of success and performance can be a good foundation for a factual conclusion.

1.2. Daytime work

1.2.1 The employee's hourly daytime wage is found by dividing the monthly salary by 162.5 for daytime work.

(The number used for division is based on a 37.5 hour daytime work week according to article 2.1.1 of this agreement, if a contract of employment foresees longer daytime work obligations, the number used for division increases correspondingly.)

1.2.2 The employee's daily wage is found by dividing the fixed monthly salary by 21.67.

1.3. Payment of wages

1.3.1 Payment of wages shall be made monthly, not later than on the first working day after the month for which wages are being paid ends. It is permitted to base accounting periods of supplementary payments on a period other than the calendar month.

1.4. Supplementary payments

If the employee gets paid specially for work outside the daytime work period, the supplementary payments will be according to this agreement, unless otherwise agreed.

Overtime and major public holidays wages are in accordance with article 1.6.

Shift-work supplement is in accordance with article 2.6.

Stand-by supplement is in accordance with article 2.5.

1.5. December and holiday bonuses

1.5.1 Employees other than managers, receive december and holiday bonuses in accordance with SA's overall collective wage agreements in the private sector. In an employment contract, it is permitted to incorporate bonuses into the monthly wages of an employee or agree on another mode of payment.

1.5.2 Provision 1.5.1 does not apply to employment contracts that were already valid when this collective wage agreement entered into force on April 1, 2011.

1.5.3 After working for the same employer for a whole year, absences from work in connection with statutory maternity/paternity leave are considered to be periods of service when calculating december and holiday bonuses. The same shall apply if it becomes necessary for a woman to stop work during pregnancy for safety reasons, cf. the Regulations on measures to increase safety at work for women who are pregnant, have recently given birth or are breastfeeding.

1.6. Overtime and major public holidays wages

1.6.1 Overtime work is the work that takes place outside the prescribed daily working hours or outside worker's shifts, as well as all work that exceeds the weekly working hours that have been agreed upon, in accordance with article 2.1.1.

The hourly rate for overtime work and work on holidays, in accordance with article 2.2.1, is 1.0385% of the monthly wages for daytime work, unless otherwise agreed.

- 1.6.2 Hourly rates for work on major public holidays is in accordance with article 2.2.2 is 1.375% of the monthly wages for daytime work, unless otherwise agreed.

1.7. Wages in foreign currency

The employee and the employer may agree that a part of the regular monthly wage is to be paid in a foreign currency or that a part of the regular monthly wage may be linked to the exchange rate of a foreign currency. The selling rate of the currency should be used for reference on the date when the agreement between the employee and the employer was made.

Regular monthly wages shall be calculated and stated on the payslip as follows:

1. The regular monthly wages designated in ISK on the date of the agreement.
2. To be deducted is the amount in ISK that has been agreed should be paid in a foreign currency or linked to the exchange rate of a foreign currency on the date of the agreement.
3. The part of the fixed monthly wage paid in or linked to foreign currency (cf. item 2), calculated in ISK at the selling rate of the foreign currency three business days before the date of payment

The sum of items 1–3, however, may never be lower than the minimum rate of the collective agreement in force for the industry in question.

The sum of items 1–3 forms the base for the payment of taxes and contributions in accordance with the collective agreement, such as to the pension fund, social fund, union sickness fund, vocational rehabilitation fund, holiday home fund and the re-education fund.

The employee and the employer can negotiate the extent to which overtime, shift premiums, bonuses and other payments will be settled in part or in full in a foreign currency.

Wage increases shall only be calculated with respect to item 1, i.e. regular monthly wages in ISK.

An employee can, whenever he wishes, request the termination of the agreement. In the event that an employee submits such a request, the employer should comply with it from and including the beginning of the second month from that date. An employee shall receive wages according to item 1 as amended from the date when the original agreement was made.

The employee and the employer must enter into a written agreement regarding the payment of wages in foreign currency or regarding wage linkage with a foreign currency. See attachment.

1.8. Deputies

When an employee temporarily replaces his boss, without having been hired specifically to do that, for reasons such as vacation or sickness and the replacement lasts for one week or more, the subordinate employee shall be entitled to a compensation for such a replacement, taking into account the responsibility and stress at work accompanying the role. Parties shall agree on such a compensation before the replacement starts.

2. CHAPTER

On working hours

2.1. Daytime work

2.1.1 Weekly working hours in fulltime work are 37.5 hours per week, completed in the period between 07:00 to 18:00 from monday to friday, including both days and shall be continuous.

It is permitted to agree on longer daytime work obligations, up to 40 hours per week normally.

(Article 2.1.1. does not affect existing employment contracts, where shorter or longer daytime work obligations have been negotiated.

2.1.2 It is permitted to perform work in a way other than described in this chapter, with an agreement between employee and employer

2.2 Holidays and major public holidays

2.2.1. General holidays are:

1. Maundy Thursday.
2. Saturday before Easter Sunday.
3. Easter Monday.
4. The First Day of Summer.
5. May 1.
6. Ascension Day.
7. Whit Monday.
8. First monday in August.
9. Boxing Day.

2.2.2. Major holidays are:

1. New Year's Day.
2. Good Friday.
3. Easter Sunday.
4. Whit Sunday.
5. June 17.
6. Christmas Eve after 12:00 noon.
7. Christmas Day.
8. New Year's Eve after 12:00 noon.

2.3 Time off in exchange for after-hours

2.3.1. An agreement may be reached between the employee and the employer to pay for after-hours work with time off during daytime hours. If not otherwise agreed, the value of the worked hours (with overtime supplement where applicable) is to be used as the basis for calculation.

2.4 Rest periods

2.4.1. Day rest period

Working time shall be arranged in such a way that during each 24-hour period, starting from the beginning of the working day, the employee receives at least 11 hours continuous rest. If possible, this daily rest period shall include the period between 23:00 and 6:00.

Work may not be arranged in such a way that the working period exceeds 13 hours.

2.4.2. Exceptions and right to take leave

Under special circumstances, when it is necessary to protect items of value, a work session may be extended to as many as 16 hours, in which case, without exception, a rest period of 11 hours shall be granted immediately following the work, without any reduction of the employee's right to regular wages for daytime work.

When special circumstances make deviation from the daily rest period unavoidable, in accordance with the authorisation in the Working Hours Agreement between the Icelandic Confederation of Labour (ASÍ) and the Confederation of Icelandic Employers (VSÍ) of 30 December 1996, the following shall apply: If employees are specially asked to report for work before the 11-hour rest period is up, then the rest period may be postponed and granted later, in such a way that a right to take leave in the form of 1½ hours (of daytime working time) accumulates for every hour by which the rest period is shortened. It shall be permitted to pay ½ hour (of daytime working time) of the leave entitlement if the employee wishes. In no case may 8 hours of continuous rest be reduced.

If the employee works for such a long time preceding a holiday or weekend as to make it impossible to have 11 hours' rest before the normal beginning of the working day, the situation shall be handled in the same way as above. If the employee reports for work on a holiday or weekend, payment at overtime rates shall be made for the time worked without further additional payments.

However, the above provisions shall not apply in the case of organised shift work, in which the rest period may be reduced to as little as 8 hours.

Accrued leave-taking entitlement shall be stated on the employee's pay slip, and leave shall be granted in half and whole days outside the peak periods of the company's activities in collaboration with the employee, providing that the accrued leave-taking entitlement amounts to at least 4 hours. Settlement in respect of the employee's unused leave-taking entitlement shall be made on termination of employment, with the entitlement counted as part of the period of engagement.

2.4.3. Weekly day off

During each 7-day period, the employee shall have at least one weekly day off work, which shall be in direct sequence with the daily rest period. For this purpose, the week shall be taken as beginning on Monday. Excluding shift-work, the general standard is to have Sunday as the weekly day off work.

An agreement may be reached between the employee and the employer to postpone the weekly day off, so instead a weekly day off there will be two continuous days off in two weeks. In such a case, the taking of days off may be arranged in such a way that 2 days off are taken every second weekend (Saturday and Sunday). In special circumstances it is allowed to postpone a weekly day off longer, in a way that the employee gets corresponding rest within 14 days.

If, due to unforeseeable reasons, a day off falls on a working day, this shall not reduce employees' entitlement to regular wages and shift-work supplement.

2.4.4. Breaks

If the employees' daily working time is more than 6 hours, they shall be entitled to a 15-minute break. Coffee and lunch breaks are considered breaks in this sense.

2.4.5. Regarding scope, rest periods, breaks and other matters, reference is made to the collective agreement between ASÍ and VSÍ of the 30th December 1996 on certain matters pertaining to the structure of working time, which is regarded as part of this collective agreement. The aforementioned provisions supplement Section 13 of this agreement.

2.5 Stand-by shifts

- 2.5.1. It is permitted to reach an agreement with an employee about stand-by shifts, e.g. he will be ready to attend to call-outs or other work obligations.

Stand-by shift means that an employee is not working, but is ready to attend to call-outs. It is not considered to be a stand-by shift if the employee dwells at the workplace at his superior's request.

Where no other arrangements are negotiated in the employment contract, the following shall apply:

For each hour on stand-by duty during which the employee is confined to home, he shall receive payment equivalent to the rate for 33% of the hourly rate for daytime work. On public holidays and major public holidays as defined in Sections 2.2.1 and 2.2.2 the proportion shall be 50%.

For stand-by duty in which the employee is not required to respond without delay, but where he is prepared to go to work as soon as he is contacted, he shall receive 16.5% of the hourly rate for daytime work for each hour spent on stand-by. On public holidays and major public holidays as defined in Sections 2.2.1 and 2.2.2 the proportion shall be 25%.

An agreement shall be made for minimum payments for call-outs or other work obligations within a stand-by shift.

2.6 Shift work

- 2.6.1. An agreement may be reached between the employee and the employer to organise work to be done in shifts. If not otherwise agreed in an employment contract, shift work supplements shall be paid as defined in Section 2.6.3.

- 2.6.2. A shift schedule showing the expected working hours of each employee shall be submitted one month before the first shift starts, according to the schedule, unless an agreement with the employee is present regarding a shorter notice period.

- 2.6.3. Shift work supplements are calculated with regard to hourly rates as defined in Section 1.2:

33% between 18:00 - 24:00 Mondays to Thursdays

45% between 00:00 - 08:00 Mondays to Fridays and 00:00 - 24:00 Saturdays and Sundays

- 2.6.4. If shifts are organized to be over weekends and on major public holidays according to article 2.2., it is permitted, instead of paying overtime and major public holidays wages according to article 2.6.3., paragraph 2, to pay shift work supplements:

45% for work on holidays according to article 2.2.1.

90% on major public holidays according to article 2.2.2.

In addition to the shift work supplements, the employee earns 12 non-workdays during winter holidays based on one year's work (96 working hours based on a full-time job) for holidays and major public holidays according to article 2.2. that occur from Mondays to Fridays. If the workplace is closed during those days or a day off is granted, the number of earned non-workdays decreases accordingly.

The employer and the employee can agree on a payment instead of non-workdays during winter holidays, 8 hours of daytime work for each day off, based on a full-time job.

For an execution in other respects, reference is made to SA's collective agreements.

- 2.6.5. Paid meal breaks on shifts are 5 minutes for every hour worked (35 min. per 8 hour shift) and are divided according to an agreement between the employee and the employer. As a

rule, mail meal breaks shall consist of 15 min. Continuously. Work during mail meal breaks shortens the working time accordingly, or shall be paid with overtime wages.

- 2.6.6. For every hour exceeding full daytime working hours as defined in Section 2.1.1 (per week on average) overtime wages shall be paid, if not agreed otherwise.

2.7 Home phone disturbance

2.7.1. If the company includes the employee's home phone or mobile phone in a phone book, then the work resulting from that shall be taken into account when deciding on wages.

3. CHAPTER On annual holiday

3.1. Length of annual holiday

3.1.1. Holiday time shall be governed by the provisions of Act No. 30/1987 on Holiday Allowance.

3.1.2. Minimum annual holiday

Minimum annual holiday entitlement shall be 24 working days, based on a full time job in one year, the holiday allowance then being 10.17%. An employee that has worked part of a full time job or part of a year shall receive an annual holiday of 16 hours of obligatory working hours for a full month's work. Accrual of the annual holiday is based on the holiday reference year, from May 1 to April 30.

3.2. Holiday supplement

3.2.1. Following 5 years' employment in the same profession, employees' holiday entitlement shall be 25 days, and holiday allowance shall be 10.64%.

Following 5 years' employment in the same company, employees' holiday entitlement shall be 27 days, and holiday allowance shall be 11.59%.

Following 10 years' employment in the same company, employees' holiday entitlement shall be 30 days, and holiday allowance shall be 13.04%.

Annual holiday entitlement is calculated from the beginning of the next holiday reference year, after the aforementioned length of employment has been reached.

3.2.2. An employee that has accrued 30 days of holiday rights working for his ex-employer, will have that right renewed after three years of work for a new employer, provided that this has been verified.

3.2.3. As a minimum, four weeks (20 working days) shall be granted in the period between May 2 to September 15. Employees who, at the request of the employer, do not get 20 vacation days during the summer holiday period, are entitled to a 25% supplement, added to what is missing from the 20 days.

3.3. Illness during holidays

- 3.3.1 In the event that an employee falls ill while on a domestic holiday or withing the EEA area, in Switzerland, the United States or Canada, and is ill to such an extent that he is unable to enjoy the holiday, he must notify his employer of such an event on the first day of illness, e.g. by telegram, e-mail or in another verifiable manner, unless force major circumstances prevent giving a notification, and if so, then as soon as that situation passes.
- 3.3.2 If the employee meets the notification requirement and the illness lasts longer than three days and he gives his employer notice, within that time period, on which doctor he's seeing or intends to issue a medical certificate, he is entitled to a compensatory leave, for the same length of time as the illness provably lasted.
- 3.3.3 Under these circumstances, the employee shall always prove his illness with a medical certificate. Employers have the right to let a regular physician examine an employee who has fallen ill on holiday.
- 3.3.4 As far as is possible, compensatory leave shall be granted at the time requested by the employee during the period from 2 May to 15 September, except where special circumstances apply. The same rules as here above apply to accidents on holiday.

4. CHAPTER

Accidents at work, accident insurance, occupational diseases and the payment of wages in cases of accident and illness

4.1. Notifications, certificates and expenses

- 4.1.1 If an employee becomes unable to work due to illness or accident, he must inform his employer at the beginning of the working day. The employer decides whether a medical certificate is required and whether it should come from the company's regular physician. A medical certificate, proving incapacity to work, may be required from the employee whenever deemed necessary.
- 4.1.2 An employee is who is unable to work due to illness or accident is obliged to undergo any standard recognized medical examination the the company's regular physician considers necessary, in order to decide whether the absences are legitimate or not, provided that the cost of the interview with the physician and necessary medical tests are paid by the employer.
- 4.1.3. The employee shall be reimbursed for all fees he paid because of required medical certificates as defined in Section 4.1.1 and 4.1.2. The same applies for an interview with a physician and acquiring a certificate.

4.2. Accidents at work and occupational diseases

4.2.1 Medical expenses

In the event of accidents at work, the employer shall pay the cost of transporting the injured person to his home or a hospital and will reimburse him for all medical expenses incurred in any given case, other than those paid by the State Social Security Institute.

4.2.2 Wage payments in cases of accidents at work and occupational diseases

In each instance of an accident at work or an occupational illness caused at or as a result of work, or during travel to or from the place of work, the employer concerned shall pay wages at daytime rates for up to 3 months, providing that per diem payments from the Icelandic Health Insurance company (Sjúkratryggingar Íslands) for those days are given over to the employer.

Annotation:

Incapacity for work resulting from an accident can appear both immediately after the accident or at a later stage. General rules apply regarding proof and causal links.

4.3. Wages during absence due to illness and accidents

4.3.1 Wages during absence due to illness and accidents in the first year

Wage payments to employees who are absent from work due to illness during the first year of their employment with the employer shall be two days for each month they have worked.

4.3.2 Wages in cases of illness and accidents after one year

The arrangement of wage payments to employees who are absent from work due to illness or accidents when they have worked for the same employer for one year or more shall be as follows:

After 1 year's work for the same employer: 2 months of fixed wages for every 12 months

after 5 year's work for the same employer: 4 months of fixed wages for every 12 months

after 10 year's work for the same employer: 6 months of fixed wages for every 12 months

However, an employee who has, on the basis of this collective agreement, acquired 4 or 6 months of rights, with his former employer, to wage payments when absent from work due to illness, and this employee changes his workplace, then he shall still possess the right to wage payments for no less than 2 months in every 12 months

Wages will not be paid for a longer time than the supposed length of employment.

Annotation:

Illness rights correspond to sick days that have been paid during a 12 month wage period. The amount of days paid in the last 12 months of employment are taken into account at the beginning an illness when an employee becomes incapacitated for work, and these days are then deducted from the acquired illness rights. If an employee has been without a salary for a certain period, that period will not be included in the calculation.

4.4. Wage Concepts

Fixed wages

Fixed wages mean wages for daytime work plus fixed regular overtime work. Overtime work, as understood in this article, is considered to be fixed and regular when it's been continuous for four months.

Wages for daytime work

Daytime work refers to fixed wages for work during the daytime working period, plus fixed bonus payments other than payments of expenses.

4.5. Certificate of suitability for work

4.5.1 The employer may request the employee, who has been unable to work due to illness or injury continuously for one month or longer, to hand in a certificate of suitability for work before he starts working again. A certificate from the company's regular physician may be required.

4.6. Recording of illness days

4.6.1. A record shall be kept of employee illness days.

4.7. Absence for unavoidable reasons

4.7.1 An employee is entitled to leave from work in cases of force majeure (unavoidable reasons) and for urgent family reasons, in the case of illness or accident, that require the immediate presence of the employee.

An employee is not entitled to wages from the employer in the aforementioned circumstances, but the provisions of Article 4.8.1. are still valid.

4.8. Illness of children younger than 13

4.8.1 After the first six months of work for an employer, parents may spend two days for each worked month looking after their children under the age of 13, provided that no other arrangements can be made to have them cared for. After 6 months' employment, the entitlement will be 12 days during each 12-month period. Parents retain their daytime wages as well as supplementary payment for shift work as appropriate.

The word parent in paragraph 1 also includes foster parents or guardians, who support the child and act as a parent.

4.9. Pre-natal medical examinations

Pregnant women are entitled to absences from work which are necessary for pre-natal medical examinations without reduction of their regular wages, if such examinations must be made during working hours.

4.10. Insurance against death, accidents and disability

The following provisions apply unless the employee has mortality, accident and disability insurance on the basis of another collective wage agreement that KTFÍ, SFB, ST or SV are parties to:

4.10.1 Employers insure the wage-earners covered by this agreement against death, permanent medical disability and/or temporary disability resulting from an accident at work or on a normal route from their homes to the workplace and from the workplace to their homes. If an employee is temporarily stationed at a location outside his home in connection with work, the temporary location shall replace the home for the purposes of insurance, and the insurance shall also cover normal travel between the home and the temporary location.

4.10.2 The insurance applies during travel within Iceland and abroad if undertaken on behalf of the employer.

4.1 The insurance applies to accidents occurring during sports activities, competitions and games, provided that such events are organised by the employer or the staff association and the employee is expected to participate in such events as a part of the employee's work. In this respect, it does not matter whether or not the accident occurs during normal working hours. Accidents that occur in boxing, any form of wrestling, driving sports, hang-gliding, bungeejumping, mountain climbing that requires special equipment, cliff rappelling, scuba diving and parachuting are exempted.

4.10.4 The insurance does not pay compensation for accidents resulting from the use of motorised vehicles subject to registration in Iceland and which are covered by legally prescribed vehicle insurance, irrespective of whether covered by third-party liability insurance or by the driver's and owner's accident insurance under the Traffic Act.

4.10.5 The insurance shall take effect with respect to the employee when he begins working for the employer (is added to the payroll roster) and expires when employment is terminated.

4.10.6 Price indexing and indexation of compensation

Insurance amounts are based on the consumer price index for inflation adjustment effective from July 1, 2018 (451.8 points) and are adjusted on the first day of each month in proportion to the adjustment of the price index.

Compensation amounts are calculated on the basis of the insurance amounts on the date of the accident but are adjusted, however, on the basis of the consumer price index in direct proportion to changes in the price index from the date of the accident to the date of settlement.

4.10.7 Death benefits

4.10.7.1 In the event that an accident causes the death of the insured within three years of the date of the accident, the beneficiaries shall be paid death benefits, less already paid-out benefits for permanent medical disability resulting from the same accident.

4.10.7.2 Death benefits:

To the surviving spouse benefits shall amount to 7,993,631 ISK

The term spouse refers to an individual who was married to the deceased, in registered partnership or common-law marriage.

To each minor that the deceased had custody of or paid child-support for in accordance with the Children's Act No. 76/2003, the benefits shall be equivalent to the total amount of child support in accordance with the Social Security Act as current, to which the child would have been entitled due to the death until the age of 18. The benefits are paid in a lump sum. On the calculation of benefits, account shall be taken of child support on the date of death. Benefits to each child, however, shall never be less than 3,197,452 ISK. Benefits to children shall be paid to the party who has custody of them after the death of the insured. To each adolescent aged between 18 and 22 who has the same domicile as the deceased and who were demonstrably supported by the deceased, the benefits shall amount to 799,363 ISK. If the deceased was the sole provider for the child, the compensation shall increase by 100%.

If the deceased demonstrably supported a parent or parents aged 67 or more, the surviving parent, or parents jointly, shall receive benefits amounting to 799,363 ISK.

If the deceased had no spouse pursuant to item 1 above, then death benefits amounting to 799,363 ISK shall be paid to the estate of the deceased.

4.10.8 Compensation for permanent disability

Compensation for permanent disability shall be paid in proportion to the medical consequences of the accident. Permanent disability shall be evaluated according to injury indices issued by the Disability Committee. The evaluation shall be based on the health of the injured party as it is when it has stabilised.

The base amount of disability compensation is ISK 18,225,478. Compensation for permanent disability shall be calculated in such a manner that ISK 182,255 is paid for each disability degree from 1 to 25, ISK 364,510 is paid for each degree of disability from 26 to 50, ISK 729,019 for each degree of disability from 50 to 100 . Compensation for 100% permanent disability, therefore, is ISK 50,120,064.

Disability compensation, moreover, shall take account of the age of the injured party so that compensation decreases by 2% for each year past the age of 50. After the age of 70, the compensation shall decrease by 5% of the base amount for each year. However, the age-linking of disability pension shall never lead to greater curtailment than 90%.

4.10.9 Compensation for temporary disability

In the event that an accident causes temporary disability, the insurance shall pay a per diem sum in proportion to the loss of working capacity, starting four weeks after the accident occurred and lasting until the employee is fit for work or until a disability assessment has been made, though not for longer than 37 weeks.

Per diem payments for temporary disability are ISK 39,968 per week. If the employee is able to work to some extent, the per diem payments shall be paid proportionately.

Per diem payments from the insurance are paid to the employer while an employee receives paid salary in accordance with collective agreements or an employment contract, and are subsequently paid to the employee.

4.10.10 All employers are under obligation to purchase insurance from an insurance company holding an operating permit in Iceland that meets the above conditions of collective agreements as regards accident insurance.

In respects other than provided for in this section of the agreement, the terms of the insurance company in question and the provisions of the Act on Insurance Contracts No. 30/2004.

The above provisions on accident insurance and new compensation amounts apply to accidents that occur after July 1, 2018.

5. CHAPTER

On recruitment, notice of termination, e.t.c.

5.1. Contracts of employment and letters confirming employment

5.1.1 A written contract of employment shall be made at the beginning of the employment.

Annotation:

According to article 1.1, wages and other working conditions of those who have a university degree are determined in a contract of employment between the employer and the employee. Therefore, it is important that an employee receives a confirmation of salary and other terms of employment right at the beginning of the employment.

5.1.2 Amendments to terms of engagement, other than those resulting from legislation or collective agreements, shall be confirmed in the same manner not later than one month after they take effect.

5.1.3 The provisions of Sections 5.1.1 and 5.1.2 do not apply to engagements for occasional jobs, providing that such an arrangement is based on objective considerations.

5.1.4 Employer's duty to inform - Contracts of employment or written confirmations of employment, i.e. letters of engagement, shall contain at least the following information:

1. The identity of the contracting parties, including their ID numbers.
2. The employer's place of work and address. If there is no fixed place of work or place where work is normally carried out, then it shall be stated that the employee is engaged for work at various locations.
3. The title, job position and nature or type of work for which the employee is engaged or a short summary or description of the job.
4. The date of commencement of the job
5. The length of the engagement, if it is for a specific term.
6. The employee's right to annual holiday.
7. The notice period for termination, to be given by the employer and the employee.
8. Monthly wage rates, monthly wage rate used as base for calculations for overtime, other payments and perquisites, as well as the payment periods.
9. The length of an ordinary working day or week.
10. The pension fund.
11. Reference to a valid collective agreement and the trade union involved. Information in items 6–9 may be given in the form of a reference to a collective agreement.

5.1.5 Work abroad

Employees entrusted with work in another country for one month or longer shall receive written confirmation of their appointment before leaving Iceland. In addition to the information listed in Section 5.1.4.

5.1.4 the following must be stated:

1. The estimated working period abroad.
2. The currency in which wages are to be paid.
3. Bonuses or perquisites associated with the work abroad and, where appropriate, the arrangements made for moving abroad due to the work.
4. The conditions under which the employee may return to his home country, where appropriate.

Information according to items 2 and 3 may be given in the form of a reference to legislation or collective agreements.

5.1.6 Temporary engagements

Temporary engagements shall be governed by Act No. 139/2003 on the Temporary Engagement of Employees.

5.1.7 Part time jobs

Employees in part time jobs are subject to Act No. 10/2004 on employees in part time jobs.

5.2. Competition provision

Provisions in contracts of employment that prohibit the hiring of employees by competitors of the employer are non-binding if such an engagement is wider in scope than would be necessary in order to prevent competition or to limit in an unfair manner the employee's freedom of employment. If that were the case, each case must be evaluated on a case-by-case basis, taking into consideration all circumstances. Competition provisions may not be worded too generally.

When assessing how far-reaching competition provisions in an employment contract may be, particularly as regards their scope of application and the time limits involved, the following factors must be considered:

- a. The type of work performed by the worker involved, e.g. is he a key employee, is he in direct contact with the customers or is there significant confidentiality attached to his job. In addition, what knowledge or information might the employee possess with regard to the activities of the company or its customers.
- b. How quickly the employee's knowledge becomes outdated and whether a normal balance is kept among the employees.
- c. The type of operations involved and the identity of the competitors in the market where the company operates and which the employee's know-how covers.
- d. That an employee's freedom of employment is not restricted in an unfair manner.
- e. That the non-competition clause is delineated and concise with regard to the purpose of protecting certain competition interests.
- f. The remuneration of the employee will also have an effect, i.e. for instance, what his wages are.

The competition provisions of employment contracts do not apply if the employee is dismissed from his job without sufficient cause.

5.3. Notice of termination

5.3.1 Notice of termination in general

For both parties, the notice for termination of employment shall be 1 week during the first three months, which constitute a trial period. After three months of continuous work, the notice for termination is one month and after six months of continuous work the notice for termination shall be three months. After the trial period, a notice of termination shall be in writing and take place at the turn of the month.

It is permitted to agree on a longer trial period of up to 6 months, and that a mutual notice for termination will be 1 week during that period. It is also permitted to agree on a notice for termination of three months that will not take effect until a whole year of continuous work has passed.

The right to terminate employment is mutual. Any termination of employment shall be in writing and in the same language as the employment contract of the employee.

5.3.2 Interview on the reason for termination

Employees are entitled to an interview on their termination of employment and to the reason for such a termination. Requests for an interview must be submitted within 4 days from the date that the termination notification is received, and the interview must take place within 4 days from such a request.

Employees may request, on the conclusion of such an interview, or within 4 days, that the reasons for the termination be provided in writing. In the event that the employer acquiesces to such a request, the request shall be fulfilled within 4 days thereafter.

If the employer does not accede to the request of the employee as regards written reasoning, the employee is entitled, within 4 days, to another meeting with the employer, as regards the reason for the termination of employment, in the presence of his trade union representative or other representative of his trade union if the employee so requests.

5.3.3 Limitations to termination authorisations according to law

On termination of employment, account must be taken of the provisions of law that limit employers' general rights to terminate employment. These include, among others, provisions relating to shop stewards and safety stewards, pregnant women and parents on parental leave, employees who have given notice of maternity/paternity and parental leave and employees with family responsibilities.

Moreover, the provisions of Article 4 of Act No. 80/1938 on Trade Unions and Labour Disputes, legislation on the equal status and equal rights of men and women, legislation on part-time workers, legislation on the legal status of workers on transfer of ownership of companies and consultation obligations in laws on collective redundancies must be upheld.

When an employee enjoys protection against termination according to law, the employer is under obligation to justify in writing the reasons for the termination of employment.

5.3.4 Sanctions

Violations of the provisions of this section may be subject to compensation according to general rules of tort.

5.4. Cessation of employment

If an employee is made redundant after 10 years or more of continuous employment at the same company, the notice period shall be 4 months if the employee has reached the age of 55, 5 months if he has reached the age of 60 and 6 months if he has reached the age of 63. The employee, on the other hand, may give 3 months' notice of termination of employment.

5.5. _____ Maternity/paternity leave

Maternity/paternity and parental leave are subject to the Act on Maternity/Paternity leave.

Under the Act on Maternity/Paternity Leave and Parental Leave, childbirth leave is to be counted as working time when assessing work-related rights and entitlements such as the entitlement to annual holiday and extension of annual holiday according to collective agreements, wage increases due to length of service, sick-leave entitlements and notice period for termination of employment. The same shall apply if it becomes necessary for a woman to stop work during pregnancy for safety reasons, cf. the Regulations on measures to increase safety at work for women who are pregnant, have recently given birth or are breastfeeding.

Maternity/paternity leave is counted as worked time for the purpose of calculating holiday leave entitlements, i.e. the right to take a holiday, but not for the calculation of holiday pay

6. CHAPTER

Payslip, Union dues and payments of contributions

6.1. Payslip

- 6.1.1 When a wage payment is made the employee is entitled to a payslip with his name on it. The payslip shall state the employee's fixed wages for the payment period in question, the number of overtime hours, accumulated leave-taking entitlement and an itemised overview of all income and deductions that lead to the wage amounts being paid.

6.2. Union dues

- 6.2.1 At the wish of the employee, the employer shall undertake to pay the union dues to the union that is party to this agreement. Union dues shall be paid monthly

6.3. Holiday-pay fund

- 6.3.1 Employers pay 0.25% of the total wages to a holiday-pay fund of the union involved. It is permitted to agree on other arrangements

6.4. Sick-pay fund

- 6.4.1 Employers pay 1% of the total wages to a sick-pay fund of the union involved.

6.5. Vocational training fund

- 6.5.1. It is permitted to agree that the employer pay 0.22% of the total wages to a vocational training fund of the union involved.

6.6. Vocational rehabilitation fund

- 6.6.1 The employer pays a premium to VIRK's rehabilitation fund, cf. the agreement between ASÍ and SA thereon, and according to act no. 60/2012.

6.7. Pension fund

- 6.7.1 The employee pays 4% of his wages to collective pension funds and the employers' contribution to collective pension funds is 11.5%.

The division of the fee into a co-insurance fund and a private pension fund is subject to the Act on Pension Funds and, where applicable, to the resolutions of the Pension Fund in question.

If the employee wishes to be a member of a pension fund that collects a minimum contribution higher than the aforementioned, it is permitted to agree on extra contributions.

It is permitted to agree on additional contributions to a personal pension fund.

6.7.2 Additional contributions to pension savings

7. CHAPTER

Travel and clothing

7.1. Per diem allowances abroad

Payments of per diem allowances to employees for travel abroad shall be subject to the decisions of the Government Travelling Expenses Committee unless the company has special rules on the payment of travelling expenses.

7.2. Work clothes and protective clothing

Where special work clothes are required, in the opinion of the employee's superior, the employer shall provide such clothing and have it laundered, providing that it remains the property of the employer.

8. CHAPTER

Shop stewards

8.1. Election and nomination of shop stewards

Workers may elect one shop steward at all workplaces where there are at least 5 members. Following the election, the union involved shall nominate the shop steward and send a confirmation to the employer.

Shop stewards may not be elected or nominated for periods longer than two years at a time.

8.2. The role of shop stewards

Shop stewards at workplaces shall, in consultation with their superiors, be permitted to spend time on work that may be entrusted to them by the employees at the workplace and/or by the relevant trade union in their capacity as shop stewards, without reduction in their wages.

9. CHAPTER

Effective term and revision

9.1 Effective term ~

This collective wage agreement will remain in effect from April 1, 2011. Renewal and termination of the agreement is subject to Act no. 80/1938 on Trade Unions and Labour Disputes.

9.2 Revision

Trade Unions that are party to this agreement may jointly request negotiations on the revision of this collective agreement, in the case where general changes to the rights of employees in the private sector have taken place. Similarly, the Confederation of Icelandic Employers may request negotiations on the revision of the agreement.

Reykjavík, June 11, 2018

On behalf of SA

On behalf of SFB

On behalf of ST

On behalf of VFÍ

Protocol 2011 regarding a new collective agreement

The entry into effect of this collective agreement on April 1, 2011 does not affect more favorable terms that the employee has negotiated in an employment contract.

Protocol 2011 regarding Act no. 80/1938

This collective wage agreement is concluded on the basis of the Act on Trade Unions and Labour Disputes no. 80/1938 and the unions, that are party to the agreement, shall meet the requirements of the Act.

Attachment 2011 regarding wages in foreign currencies – Agreement form

The company ehf., ID no. xxxxxx-xxxx on the one hand and _____ ID no. _____ on the other, hereby enter into the following agreement on linking part of the employee's wages to the exchange rate of a foreign currency or the payment of part of the wages in a foreign currency, on the basis of the provisions of the collective agreement _____ thereon

Linking with a foreign currency or payment in a foreign currency:

- Linking a part of wages to a foreign currency
- Payment of part of wages in a foreign currency

Currency:

- EUR

- USD
- GBP
- Other currency, specify _____

Part of regular fixed wages or gross wages paid in / linked to the foreign currency:

- Part of regular fixed wages to be paid in / linked to a foreign currency
- Part of gross wages to be paid in / linked to a foreign currency

Proportion of wages to be paid in / linked to a foreign currency:

- 10%
- 20%
- 30%
- 40%
- Other percentage, specify _____

This agreement is made in duplicate, each party to retain a copy.

Date: _____

For the company

Employee
