COLLECTIVE WAGE AGREEMENT

between the Confederation of Icelandic Employers

and

the Union of Construction Architects,
the Union of Computer Scientists and
the Association of Chartered Engineers in Iceland

Valid from 8 July 2021

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Scope and objective of the agreement

This agreement applies to members of the Union of Construction Architects, the Union of Computer Scientists and the Union of Chartered Engineers in Iceland that work for companies that are members of the Confederation of Icelandic Employers.

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

CHAPTER 1
Wages

1.1 Determination of wages

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 in 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 apply.

The employee is entitled to an interview with their superior once a year regarding their work activities, discussing, among other things, performance and objectives, and possible changes to the terms of employment. Employers may also take the initiative to interview employees annually, and determine the period of the year during which the interviews shall take place. The outcome of the interview shall be made known within one month.

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

1.2 Daily wages

1.2.1 The employee's hourly daytime wage is found by dividing the monthly salary by 160 for daytime work.

(The number used for division is based on a 36.75 hour daytime work week. If a contract of employment foresees different daytime work obligations, with reference to a full-time job, the number used for division changes correspondingly.

1.2.2 An employee's daily wage is calculated by dividing the fixed monthly salary by 21.67.

1.3 Payment of wages

1.3.1 Wages shall be paid each month, no later than when the first working day after the month for which wages are being paid ends. It is permitted to base accounting periods of premium payments on a period other than the calendar month.

1.4 Premium payments

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

Overtime and major public holiday wages are in accordance with article 1.6.
Shift-work premium is in accordance with article 2.6.
Stand-by premium 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 the collective wage agreement of the involved parties entered into force on 1 April 2011.

1.5.3 After working for the same employer for a whole year, absence from work in connection with statutory maternity/paternity leave is counted as working time 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.

Hourly rate for overtime and work on public 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 are in accordance with article 2.2.2 is 1.375% of the monthly wages for daytime work, unless otherwise agreed.

1.7 Wages in a 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.

A fixed monthly wage 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 wages which is paid or tied to a foreign currency, (see item 2), calculated in ISK at the selling rate of the foreign currency 3 business days prior to pay day.

The sum of 1-3 can, however, never be less than the minimum pay rate of the collective agreement which applies for the industry in question.

The sum of 1-3 forms the base for payment of taxes and contributions pursuant to the collective agreement, such as pension, illness, rehabilitation, holiday dwellings and re-education funds.

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 they wish, request the termination of the agreement. If an employee makes such a wish, the employer shall accede to the wish from and including the next end of the month but one from the day when it was made. An employee shall receive wages according to item 1 as amended from the date when the original agreement was made.

The employee and employer shall make a written agreement on payment of wages in foreign currency or on linking wages to a foreign currency. See attachment.

1.8 Deputies

When an employee temporarily replaces their boss, without having been hired specifically to do so, 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.

CHAPTER 2
On working hours

2.1 Daytime work

Working time is determined by agreement and the nature of the work.

2.1.1 Weekly active working hours, based on a full-time position, are 35,5 hours per week on average (35 hours and 30 minutes), completed in the period between 07:00 to 18:00 from Monday to Friday, including both days. For further details see protocol on the decrease in working hours attached to this agreement.[1]

It is permitted to coordinate daytime working hours between employees working for the same employer, that have terms according to other wage agreements of specialists and office workers, and determine a daytime work time for the employee that is different than stated in paragraph 1.

Active working time is regarded to be the time when the employee is performing work.

The length and arrangement of meal refreshment breaks and, where appropriate, other breaks from work are according to an agreement.

A lunch break, exceeding paid refreshment breaks, is not considered working time that is paid for.

Example: Paid daytime work of 36,75 hours on average per week is paid if paid refreshment breaks are 1 hour and 15 minutes per week or 15 minutes on average per day.

If work is performed from 08:00 to 16:00 four days of the week and from 08:00 to 15:15 one day per week, half an hour is used for lunch break and 15 minutes per day for refreshment breaks, the active working hour per week is 35,5 hours.

Presence at work increases correspondingly if breaks are longer.

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, i.a. with a flexible arrangement of working hours that is in the interest of both parties.

2.2 Holidays and major public holidays

2.2.1 General holidays are:
1. Maundy Thursday.
2. Saturday before Easter Sunday.
3. Easter Monday.

[1] Up to and including 31 March 2021: 37,5 hours per week in daytime work, of which 36 hours and 15 minutes are active daytime work, but with permission negotiate 40 hours per week in daytime work.

4. The First Day of Summer.
5. The first of May
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. 17 June
6. Christmas Eve after 12:00 noon.
7. Christmas Day.
8. New Year's Eve after 12:00 noon.

2.3 Time off in lieu of overtime

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 premium where applicable) is to be used as the basis for calculation.

2.4 Rest period

2.4.1 Daily rest period

Working hours should be scheduled in such a manner that during each 24-hour period calculated from the beginning of the working day, an employee shall have at least 11 hours continuous rest. If possible, this daily rest period shall include the period between 23:00 and 6:00.

It is unauthorised to organise work such that working hours exceed 13 hours.

2.4.2 Exceptions and right to take leave

In special circumstances, when things of value must be protected, the working session can be lengthened to up to 16 hours, subsequent to which a period of 11 hours rest must be given immediately after work without impairment of rights to fixed daily pay.

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 specifically requested to turn up for work before 11 hours rest has been reached, it is authorised to postpone the rest and provide it later, in such a manner that time off in lieu, 1½ hours (day work) is accumulated for each hour that the rest period has been curtailed. It is authorised to pay ½ hour (day work) from the right to take leave, should the employee request this. In all instances, it is unauthorised to shorten an 8-hour period of continuous rest.

If an employee works for a long time before a holiday or weekend and does not get 11 hours' rest on the basis of a normal start to the working day, then this should be treated in the same way. 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.

The above provisions do however not apply to scheduled shift changes where it is authorised to shorten resting time to 8 hours.

Accrued time off in lieu according to the above shall be shown on the payslip and shall be given in half or whole days outside company high season, in consultation with employees where the accrued time off in lieu is at least 4 hours. At the end of employment, an employee's unused time off in lieu is settled and is considered to be part of the duration of employment.

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 of a weekly day off there will be two continuous days off in two weeks. The taking of days off may be scheduled in such a way that they are taken every other weekend (Saturday and Sunday). In specific instances the weekly day off can be postponed for a longer time in such a way that the employee receives corresponding rest within 14 days.

If days off fall on working days for unforeseen reasons, this does not impair the employee's right to fixed wages and shift premium.

2.4.4 Breaks

Employees are entitled to at least a 15-minute break if their daily working hours exceed 6 hours. Meal and coffee breaks are considered to be breaks in this context.

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, i.e. They 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.

If the employment contract does not prescribe otherwise, then the following applies:

For each hour of an on-call shift where the employee on call is obliged to stay at home, they will receive the equivalent of 33% of the day hour rate. 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 they are prepared to go to work as soon as they are contacted, they 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. An agreement shall be made on the arrangement of shifts. If not otherwise agreed in an employment contract, shift work premiums shall be paid as defined in section 2.6.3.

2.6.2 Shifts shall normally be planned out for four weeks at a time. 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 premiums are calculated with regard to rates for daytime work 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

For work on holidays as defined in section 2.2.1 overtime is paid and public holiday pay on public holidays as defined in section 2.2.2., see however article 2.6.4.

2.6.4 If shifts are normally 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 premiums:

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 premiums, the employee earns 12 winter holidays, based on a full year's work (96 hours of obligatory working hours, based on full-time employment) 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.

With an agreement between the company and an employee it is authorised that payment could be made in lieu of the winter holidays in question, 8 hours of daytime work for each day off, based on full-time employment.

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

2.6.5. Paid refreshment 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, refreshment breaks shall consist of 15 min. continuously. Work during refreshment breaks shortens the working time accordingly or shall be paid with overtime wages.

For every hour exceeding full daytime working hours (paid working time as per agreement) on average per week, as defined in section 2.1. overtime wages are paid, unless otherwise agreed.

2.7 Home phone disturbance

2.7.1 If the company includes the employee's home phone or mobile phone in a company list of phone numbers then the work resulting from that shall be taken into account when assessing wages.

CHAPTER 3
On holidays

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 year's work, 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 Additional annual leave

3.2.1 An employee who has worked for 5 years in in the same industry shall have a right to holiday for 25 days and to holiday pay of 10.64%

An employee who has worked for 5 years for the same employer shall have a right to holiday for 27 days and to holiday pay of 11.59%.

An employee who has worked for 10 years for the same employer shall have a right to holiday for 30 days and to holiday pay of 13.04%.

Holiday pay rights are calculated from the beginning of the next holiday reference year after the above specified length of employment has been reached.

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

3.2.3 As a minimum, four weeks (20 working days) shall be granted in the period between May 2 and September 15. Those employees who, at the request of the employer, do not receive 20 holiday days during the summer holiday period, have the right to a 25% weighting on the number of days, fewer than 20.

3.3 Illness during holidays

3.3.1. If an employee falls ill on holiday in this country, in a country within the EEA, in Switzerland, United States or Canada, so seriously that they cannot use the holiday, they shall on the first day notify the employer of this situation, e.g. by telegram, email or in another verifiable manner unless prevented to do so by a force majeure and in this event, they should do so as soon as the obstacle is no longer in place.

3.3.2 If the employee meets the obligation to notify, if the illness lasts for more than 3 days and if they inform the employer within this period of notice about which doctor is treating them or will issue a doctor's certificate, they have a right to additional holiday for an equal length of time as the illness verifiably lasted.

3.3.3 In the above circumstances the employee shall always be required to prove their illness with a doctor's certificate. The employer is entitled to have a physician examine an employee who has fallen ill during their holiday.

3.3.4 As far as is possible, additional holiday 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 above apply to accidents on holiday.

CHAPTER 4
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, they must inform their 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 who is unable to work due to illness or accident is obliged to undergo any standard recognized medical examinations 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 the necessary medical tests are paid for by the employer.

4.1.3 The employee shall be reimbursed for all fees they 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 costs

In the event of accidents at work, the employer shall pay the cost of transporting the injured person to their home or a hospital and will reimburse them for all medical expenses incurred in any given case, other than those paid by the social security system.

Accidents occurring on a direct route to and from work are considered accidents at work as regards medical and transport costs.

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 Social Insurance Administration (Tryggingastofnun ríkisins) for those days are given over to the employer.

Explanation:
Incapacity for work resulting from an accident can appear both immediately after the accident or at a later stage. Proof and causal connection are governed by general rules.

4.3 Entitlement to wages in the event of 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 to wage payments when absent from work due to illness with their former employer, and this employee changes their workplace, then they 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.

Explanation:
Sickness rights are based on paid sick leave days during a 12-month period. At the beginning of an illness when an employee becomes unfit for work, the number of days that have been paid in the last 12 payment months is taken into account and is deducted from accrued sickness 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 they start 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 has no right to wages from the employer in the above specified instances, see however the provisions of Article 4.8.1.

4.8 Illnesses of children under 13 years of age

4.8.1 During the first 6 months in work with an employer, parents may spend 2 days for each worked month in tending their sick children under 13 years of age, given that no other care is available. After 6 months' employment, the entitlement will be 12 days during each 12-month period. A parent retains day work wages and shift premium where appropriate.

The word parent in paragraph 1 also includes foster parents or guardians who support a 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 Death, accident and disability insurance

The following provisions apply unless the employee has a death, accident and disability insurance on the basis of another collective wage agreement that SFB, ST or VFÍ 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 their 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.

4.10.3 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, bungee-jumping, 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 motor vehicles that require licensing in this country and that are liable for damages pursuant to statutory motor vehicle insurance, whether liability insurance or accident insurance for the driver and owner pursuant to traffic laws.

4.10.5 The insurance shall take effect with respect to the employee when they begin 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 according to the consumer price index for indexation, which is in force from 1 April 2021 (493.4 points) and which changes on the first day of each month in direct proportion to changes in the 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 If an accident causes the death of an insured party within 3 years of the date of the accident, the right holder is paid compensation for the death, less the amount of disbursed compensation for permanent medical disability resulting from the same accident.

4.10.7.2 Death benefits:

To the surviving spouse shall amount to 8,729,654

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 maintenance rates on the date of death. Benefits to each child, however, shall never be less than 3,491,861. 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 had the same legal domicile as the deceased and who were demonstrably supported by the deceased, the benefits shall amount to ISK 872,965. If the deceased was the only person supporting a child or young person, the compensation increases 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 872,965.

If the deceased had no spouse pursuant to item 1 above, then death benefits amounting to ISK 872,965 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 19,903,610. Compensation for permanent disability shall be calculated in such a manner that ISK 199,036 is paid for each disability degree from 1 to 25, ISK 398,073 is paid for each degree of disability from 26 to 50 ISK 796,144 for each degree

of disability from 50 to 100 . Compensation for 100% permanent disability is therefore ISK 54,734,926.

Disability compensation, moreover, shall take account of the age of the victim so that compensation decreases by 2% for each year past the age of 50. After 70 years of age, compensation decreases by 5% of the base amount for each year of age. Age-related disability compensation shall, however, never lead to impairment of more than 90%.

4.10.9 Compensation for permanent disability

If an accident causes temporary disability, the insurance shall pay per diem in proportion to the loss of ability to work, starting 4 weeks from the time that the accident happened and until the employee is able to work after the accident, or until disability assessment has taken place, but for no longer than 37 weeks.

Per diem payments for temporary disability are ISK 43,648 per week. If an employee is partly able to work, per diem is paid proportionately.

Per diem from the insurance is paid to the employer while the employee is paid wages pursuant to the collective agreement or employment contract and then subsequently to the employee.

4.10.10 All employers are obliged to purchase insurance from an insurance company with an operating licence in this country which fulfills the above specified conditions of the collective agreement on 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 apply.

The above provisions on accident insurance and new compensation amounts apply to accidents that occur after 1 April, 2021.

CHAPTER 5
On recruitment, notice of termination, etc.

5.1 Employment contracts and letters of engagement.

A written contract of employment shall be made at the start of the engagement.

Explanation:
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 period.

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 articles 5.1.1. and 5.1.2. do not apply to casual employment, except where this is based on objective criteria.

5.1.4 Employer's duty to inform - A contract of employment shall contain at least the following:

1. The identities of the parties, including ID numbers.
2. The employer's place of work and address. If there is no fixed workplace, or location where the work is generally done, it shall be stated that the worker is employed at various sites.
3. Title, position, nature or kind of work that the worker is employed to perform, or a short list or description of the job.
4. First working day.
5. Duration of employment if it is for a limited period.
6. Holiday pay rights at the start of engagement.
7. The notice period for termination to be given by the employer and the employee.
8. The length of an ordinary working day or week.
9. Monthly wage rates, monthly wage rate used as base for calculations of overtime, other payments and perquisites, as well as the payment periods.
10. Pension funds and, where appropriate, payments to optional funds.
11. Reference to a valid collective wage agreement and the trade union involved.

Information in items 6–8 may be given in the form of a reference to a collective wage 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 the following must be stated:

1. The estimated time spent working abroad.
2. The currency in which wages are 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 wage agreement.

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 positions

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

5.2 Provisions on competition

The provisions of the employment contract that forbid workers from working with the employer's competitors are not binding if they are more far-reaching than necessary to protect the company from competition, or if they limit the workers' freedom of employment in an unfair manner. In either case, each individual case has to be assessed, taking all factors into consideration. Provisions on competition may therefore not be too general in their wording.

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 kind of work the employee in question does, e.g. whether they are a key employee or in direct contact with customers or bear significant responsibilities. There is also the question of the knowledge or information the employee may have about company operations or about its customers.
b. How quickly the employee's knowledge becomes obsolete and whether reasonable parity is maintained between employees.
c. The kind of operations in question, and whether there are competitors in the market where the company operates and which the employee's knowledge covers.
d. That the employee's freedom of employment is not impaired in an unfair manner.
e. That the competition provision is defined and precise for the purpose of protecting specific competition interests.
f. The rewards the employee receives also have an impact, e.g. Their wages.

The competition provisions of the employment contract do not apply if the employee's employment is terminated without them having given sufficient reason for this themselves.

5.3 Termination of employment

5.3.1 General on termination

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 after 9 months of continuous work.

The right of termination is mutual. All terminations shall be in writing and made 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 the reasons. A request for such an interview shall be made within 4 working days of receipt of announcement of termination and the interview shall take place within 4 days of that point in time.

Employees may request, on the conclusion of such an interview, or within 4 days, that the reasons for the termination be provided in writing. If the employer accepts this request of the employee, it shall be met within 4 days of that point in time.

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 their trade union representative or other representative of their trade union if the employee so requests.

5.3.3 Limitation of authority to terminate employment pursuant to the 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.

The provisions of Article 4 of Act no. 80/1938 on unions and industrial disputes must also be respected, as is also the case with legislation on the equal position and equal rights of men and women, on employees in part-time work, on the legal status of employees in change of ownership of companies and on the consultation obligation of the law on mass lay-off.

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 Penalties

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 dismissed, after at least 10 years continuous work with the same company, the dismissal notice is 4 months if the employee is older than 55, 5 months if they are older than 60 and 6 months when they are older than 63. The employee, on the other hand, may give 3 months' notice on resignation.

5.5 Maternity/paternity leave

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

According to laws on maternal/paternal and parental leave, maternal/paternal leave shall be calculated as working time when assessing job-related rights, such as for the taking of holidays and lengthening of holidays pursuant to the

collective wage agreement, length of service-related pay rises, sickness rights and lay-off notice. The same applies if for safety reasons a woman needs to stop work during pregnancy, see the regulation on measures to increase safety and health at the workplace 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

CHAPTER 6
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 their name on it. The payslip shall state the employee's fixed wages for the payment period in question, the number of overtime hours, accrued time off in lieu 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 the holiday-pay fund of the union involved. It is permitted to agree on other arrangements.

6.4 Sickness fund

6.4.1 Employers pay 1% of the total wages to the sickness fund of the union involved.

6.5 Vocational training fund

6.5.1 Employers pay 0.22% of the total wages to the vocational training fund of the union involved.

6.6 Science fund

6.6.1 It is permitted to agree on the employer paying a contribution to a science fund of the union involved.

6.7 Work rehabilitation fund

6.7.1 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.

6.8 Pension fund

6.8.1 The employee pays 4% of their wages to pension funds and the employers' contribution to 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.

6.8.2 Additional contributions to pension savings

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

CHAPTER 7
Travel and clothing

7.1 Per diem allowances on journeys 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.

CHAPTER 8
Shop stewards

8.1 Election and appointment of shop stewards

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

Shop stewards will not be elected or nominated for more than 2 years in each instance.

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 a reduction of their wages.

CHAPTER 9
SPECIAL COMPANY AGREEMENT PROVISIONS

9.1 Definition.

A company agreement (workplace agreement), as understood in this chapter, is an agreement between a company and its employees, (all or a specific part of), on the adaptation of a collective agreement to the needs of the workplace.

A company agreement made on the basis of this chapter is not a collective wage agreement, as SA and the trade unions are not parties to the agreement. With respect to the involvement of these parties in the making of the agreement, reference is made to article 9.5.

9.2. Objective

The objective of the company-specific part of the collective agreement is to strengthen cooperation between employees and managers in the workplace in order to create grounds for better terms of employment for employees through increased production.

The objective is to develop a collective agreement which serves the interests of both parties. Among other things, the goal is for shorter working hours with the same or greater production. In doing this, the aim shall always be to divide the defined benefits between employees and the company on the basis of clear parameters.

9.3. Authorisation to negotiate

The company-specific agreement normally applies to all employees covered by the collective agreements of the unions in question. It is, however, authorised to make special agreements at individual specific workplaces, if there is agreement to do this.

Negotiations on the company specific agreement take place under an embargo on industrial action of the general collective wage agreement and shall be initiated with the agreement of both parties. It should then be clearly stated in writing which parties will be covered by the agreement.

When a decision has been made to hold negotiations, then the relevant unions and

employers' organisations shall be notified

9.4. Consultants

Both parties, employees and company representatives, are entitled to call on consultants to participate in the talks.

9.5. Representatives of the employees – representation in negotiations

Union shop stewards shall be spokesmen for employees in negotiations with company managers. The representative of the union in question has full authority to sit on the negotiation committee if so requested. The union representative shall be authorised to have elections for 2 to 5 additional members of the negotiating committee, depending on the number of employees, and they jointly form the negotiating committee.

The show steward and elected representatives shall be allowed a reasonable amount of time in working hours for preparation and negotiation. They shall furthermore enjoy specific protection in their jobs and it is forbidden that they pay a price for their work in the negotiating committee. It is thus forbidden to dismiss them because of their work in the negotiating committee.

At workplaces where shop stewards are in two or more unions, they shall jointly represent employees in those instances where the company-specific agreement has an impact on their positions. Under these circumstances, care should be taken to ensure that a representative for all relevant industries takes part in the discussions, regardless of whether this means that the negotiating committee is expanded for this reason.

Where representatives have not been appointed, the relevant employees' association can be instrumental in the election of a negotiating committee.

9.6. Dissemination

Before embarking on the task of making a company agreement, company management shall inform shop stewards and others in the negotiating committee on the company's current status, future prospects and personnel policy.

A shop steward has a right to information on wage payments at those workplaces where they are a representative, to the extent necessary to implement provisions of the company-specific agreement.

While the company agreement is in force, shop stewards shall be informed twice a year about the above specified issues and about emphases in company operations. They shall respect confidentiality on this information where it is not in the public domain.

It is only obliged to provide information to the extent necessary pursuant to provisions of the company agreement.

An agreement made on the basis of this chapter shall be accessible to employees of the company in question. It is forbidden to provide unrelated parties with information about its substance.

9.7. Remuneration of employees

If an agreement is reached on adapting provisions of the collective wage agreement to the needs of a company or on exceptions from work practices on which an agreement has been reached, an agreement should also be made on a share for employees of the gains made by the company resulting from the changes.

The employees' share can be in the form of fewer working hours without a commensurate reduction in income, payment of a fixed amount per month or per quarter, competence premium, percentage premium on wages or a fixed ISK amount on the hourly rate or in another manner, all depending on the agreement reached. Agreements shall, however, clearly specify what constitutes the gains made by the company and the recompense for employees. Both are exceptions from the collective agreement and can become void in the event of termination pursuant to Article 9.8.

9.8. Entry into force, scope and period of validity

The agreement on the company's part shall be in writing and shall be submitted for approval by all parties to whom the agreement is intended, carried out by secret ballot, which the appropriate employees' negotiating committee shall organise. An agreement is considered endorsed if it receives support from a majority of cast votes. The union in question shall ascertain that the agreed exceptions and recompense for these exceptions, assessed as a whole, comply with the provisions of law and of the collective agreement on minimum terms of employment. If a notification to the contrary has not been received within 4 weeks, the agreement is considered to be endorsed by both parties.

It is authorised to allow a company agreement to be in force temporarily for up to six months and then to finalise its content in the light of experience. Otherwise the period of validity shall be indefinite. After one year, either party can require a review. If changes are made to provisions of the collective wage agreement that have been negotiated in a company agreement, the parties shall commence negotiations on review and renewal of the agreement on the company part within 2 months. If an agreement is not reached on changes within 2 months, either party can terminate the company agreement with 6 months' notice, ending at the end of a month. At the end of that period both the agreed changes and the share of the company gain accruing to employees become void. For a termination to be binding, it must receive the support of a majority of the employees in question in the same kind of vote as was used to bring the agreement into force. If an employer terminates the company-specific part of the agreement, the wage increases related to the agreement will only be reversed to an extent equivalent to the increase in costs resulting from the adoption of the former agreement provisions.

9.9. Impact of company agreement on terms of employment

Changes to terms of employment that may result from a company agreement are binding for all employees in question, if they have not formally objected

to company management about the making of the agreement, and to the employee's negotiating committee before the vote has taken place

The provisions of a company agreement apply equally to the employees that are employed when the agreement is agreed pursuant to the provisions of this chapter, and also those employed later, given that they had been acquainted with the substance of the agreement when appointed.

9.10. Handling of disputes

Should a dispute arise within the company on the understanding or implementation of a company agreement and should it not be possible to resolve it with discussions between the parties at the workplace, both employees and employers have the right to seek assistance from the appropriate union and the Confederation of Icelandic Employers, or to refer the matter to these parties for resolution.

If an agreement is not reached on assessment of the impact of termination pursuant to the final item in Paragraph 2 of Article 9,7, either party can appeal the matter for resolution by an objective party on whom the parties agree. 65% of costs are paid by the company and 35% by employees or their trade union.

CHAPTER 10
Effective term and revision

10.1 Effective term

This collective wage agreement will remain in effect from 1 July, 2018. Renewal and termination of the agreement is subject to Act no. 80/1938 on Trade Unions and Labour Disputes.

10.2 Revision

Trade Unions that are party to this agreement may jointly request negotiations on the revision of this collective agreement, in the event that 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.

Protocol 2021 on the decrease in working hours

With this collective wage agreement the working time provisions are adapted to what is normally the case in collective wage agreements of office workers in the private sector.

No later than on the 1 April 2021 the active daytime work will be 35.5 hours on average per week. Where the active daytime work is longer the employers shall consult employees on proposals for the arrangement of the decrease in working hours on the basis of the following options:

a. Each day becomes shorter

b. Each week becomes shorter

c. Accrued during the year

d. Decrease in working hours in another manner

An agreement must be reached as regards the implementation of the working hours decrease, where applicable, before 31 March 2021. If an agreement on a decrease in working hours is not reached at the workplace, the employees' working hours will decrease each day as from 1 April 2021. The decrease in working hours will only be implemented where the active daily working time (the time when the employee is performing work) is longer than 35.5 hours per week on average. Refreshment breaks and other breaks during working time due to personal matters are not considered to be part of active working time in this context. Working hours of part-time employees, who had longer working hours than according to the updated provisions of the wage agreement, will be shortened proportionally, unless there is an agreement on an increased job proportion.

The employer is permitted, due to organisational changes and necessary workplace coordination, to make changes to the arrangements of the decrease in working hours. The employee shall be notified of such changes with at least one month's notice. It is permitted to coordinate daytime working hours between employees working for the same employer, that have terms according to other wage agreements of specialists and office workers, and determine a different daytime work time for the employee. In that event it is appropriate to have a conversation with employees.

The provisions of this wage agreement on shorter active working hours do not automatically affect the employee's presence at the work place. In many workplaces, there has been a certain flexibility in existence when it comes to employees tending to personal matters during working time. Since the employees retain wages in these instances, the active working time of the employee is shortened accordingly. Employees have a right to a decrease in working hours in these instances, if the active working time, with regard to this flexibility, is longer than 35.5 hours on average per week.

Many managers and specialists often have significant room to organize their working time and are primarily engaged to perform certain tasks and receive a fixed monthly salary for that. Overtime is often included in the monthly wages and/or the working hours are flexible. It is appropriate to have a conversation about how to better utilize the working time in return for a shorter presence at work, so as to better reconcile work and family life.

Protocol 2021 on teleworking

Teleworking is a form of work that gives the employees the possibility to work in a location remote from the employer's establishment. Teleworking is based on an agreement between employees and an employer that work, usually performed at the traditional establishment of the employer, shall be performed in a location remote from the traditional establishment with the help of information technology. Teleworking is

based on an agreement between the employee and the employer and can be part of the original employment contract.

Teleworking shall be decided by an agreement between SA and ASÍ from 5 May 1996, but that agreement is based on a framework agreement on telework from 16 July 2002 between ETUC and EROCADRES/CEC on the one hand and UNICE/UEAMPE and CEEP on the other.

In reviewing rules on teleworking, the parties will work together to bring forward the considerations of the members of the SFB, ST and VFÍ associations.

Parties to the contract have prepared a template for teleworking that their members can use as regards telework that is regularly or solely done at a location other than the traditional establishment of the employer.

Protocol 2011 regarding a new collective agreement

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

Reykjavik, 8 July 2021