SGS

Federation of General and Special workers in Iceland

Agreement

between

The Federation of General and Special Workers in Iceland (SGS) and SA Confederation of Icelandic Enterprise

For Catering, Accommodation, Service and Snack bars (greiðasölustaðir), leisure companies and similar activities

In force from 1 February 2024 until 1 February 2028

The Federation of General and Special Workers in Iceland is the largest national workers union in Iceland and is the largest union within ASI, with about 44,000 members.

The main role of The Federation of General and Special Workers is to unite unions in the battle for better terms of employment and to protect accrued rights and to be a leading force within the trade union movement and the platform for discussion on community development for the benefit of workers.

Keep in touch with changes to terms of employment and with the latest news on www.sgs.is.

Reservation: The Icelandic version always takes precedence in the event of dispute.

Reservation: The Icelandic version always takes precedence in the event of dispute.

Agreement

between

The Federation of General and Special Workers in Iceland (SGS)

and

SA Confederation of Icelandic Enterprise

for Catering, Accommodation, Service and Snack bars (greiðasölustaðir), leisure companies and similar activities

In force from 1 February 2024 until 1 February 2028

Table of Content

Chapter 1: On scope of application and wages

1.1. Scope

This agreement covers work by members of trade unions in catering, accommodation, service and snack bars (greiðasölustaðir), leisure companies and similar activities.

1.2. On wages

1.2.1 Wage Category 4

Hourly rate for casual work (not shift work).

Day work

	1/2/2024	1/1/2025	1/1/2026	1/1/2027
Starting pay 18 years	2,476.66	2,614.74	2,752.82	2,890.90
E. 1 year in industry	2,501.42	2,640.88	2,780.35	2,919.81
E. 3 years in industry	2,538.95	2,680.49	2,822.05	2,963.60
E. 5 years in company	2,589.73	2,734.10	2,878.49	3,022.88

Overtime

	1/2/2024	1/1/2025	1/1/2026	1/1/2027
Starting pay 18 years	4,423.85	4,670.50	4,917.14	5,163.79
E. 1 year in industry	4,468.09	4,717.20	4,966.31	5,215.42
E. 3 years in industry	4,535.12	4,787.95	5,040.81	5,293.65
E. 5 years in company	4,625.82	4,883.71	5,141.62	5,399.52

Wage Category 6

General workers in catering and guesthouses and in leisure services.[1]

	1/2/2024	1/1/2025	1/1/2026	1/1/2027
Starting pay 18 years	430,941	454,967	478,993	503,020
E. 1 year in sector	435,250	459,517	483,783	508,050
E. 3 years in sector	441,779	466,410	491,040	515,671
E. 5 years in company	450,615	475,738	500,861	525,984

[1] Applies from and including 1 April 2024

Wage Category 7

General employees in guesthouses on completion of 3 month trial period.

Specially trained workers in catering and guesthouses and in leisure services. Specialised employees are considered those who can work independently, can show initiative and who can be trusted with temporary project management. These are furthermore employees who have specialised knowledge that is useful in the job or that bear a special responsibility.2

	1/2/2024	1/1/2025	1/1/2026	1/1/2027
Starting pay 18 years	433,440	457,606	481,771	505,938
E. 1 year in industry	437,774	462,182	486,589	510,997
E. 3 years in industry	444,341	469,115	493,888	518,662
E. 5 years in company	453,228	478,497	503,766	529,035

In an employment market which changes rapidly, it is important that competence in work is visible and endorsed. Some jobs in tourism have changed very significantly and have become more specialised and parties to the agreement agree on the importance of conducting competence analysis in these jobs.

Competency analyses are useful for employees and support competitiveness of companies, which benefits both employees and companies. competence analysis involves elaborating job profiles in tourism in consultation with Training Service Centre, where competence requirements of the jobs are identified with competence analysis, assessment checklists are developed for jobs and competence is subsequently endorsed with the issue of competence validation certificates.

Parties to the agreement will collate the jobs covered by this agreement and the objective is that this summary will be ready no later than 31.12.2024.

Until the conclusion from the competence analysis is available, the following employees that otherwise would have been ranked in a wage category 6 will be ranked in wage category 7 for specialised workers in tourism:

(a) Employees who have worked for four years or longer in the same or comparable job, whether in this country or abroad and at least six months of the current workplace.

(b) Employees who have worked for three years or longer in the same or comparable job, whether in this country or abroad and at least four months at the current workplace, given that they have completed a total of at least 40 hours in courses related to the job being done by the person in question.

[2] Applies from and including 1 April 2024

Wage categories for horse trainers and assistants

Wage Category 4

Assistance without experience in horse training

	1/2/2024	1/1/2025	1/1/2026	1/1/2027
Starting pay 18 years	425,985	449,735	473,485	497,235
E. 1 year in industry	430,245	454,232	478,220	502,207
E. 3 years in industry	436,699	461,045	485,393	509,740
E. 5 years in company	445,433	470,266	495,101	519,935

Wage Category 10

Horse trainers with experience

	1/2/2024	1/1/2025	1/1/2026	1/1/2027
Starting pay 18 years	441,026	465,615	490,202	514,792
E. 1 year in industry	445,436	470,271	495,104	519,940
E. 3 years in industry	452,118	477,325	502,531	527,739
E. 5 years in company	461,160	486,872	512,582	538,294

Wage Category 17

Horse trainers with two year education from the University at Hólar or equivalent.

	1/2/2024	1/1/2025	1/1/2026	1/1/2027
Starting pay 18 years	459,247	484,852	510,455	536,060
E. 1 year in industry	463,839	489,701	515,560	541,421
E. 3 years in industry	470,797	497,047	523,293	549,542
E. 5 years in company	480,213	486,872	533,759	560,533

1.2.2 Starting wages and wages for under 18s

In this Agreement, starting wages are on the basis of the employee having reached 18 years of age and having gained competence to do the job in question. A training period assumes a maximum of 300 hours with the employer or 500 hours in the employment sector after reaching the age of 16. During a training period it is authorised to pay 95% of starting wages. An employee who has reached 22 years of age shall never however receive lower pay than, as per 1 year service increment, see article 1.5.3.

Wages for 17 year olds are 89% of starting wages, for 16 year olds, 84%, for 15 year olds, 71% and for 14 year olds it is 62% of the same base. Age bonus for employees under 18 years of age are based on year of birth.

1.2.3 Certificate of work experience

Worker shall submit confirmation of experience in the industry, and length of service is assessed from and including the next end of month of month after confirmation is submitted.

1.2.4 Appointment to management positions

Employees who are appointed to management positions shall receive wages that are 15% higher than according to Article 1.2.1. Deputising in these jobs, requested by the employer, is paid in the same manner. The scope of work of those appointed to management positions shall be specified in a written contract of employment.

1.2.5 The scope of work of door supervisors shall be specified in a written contract of employment.

1.2.6 Employee interviews

A worker has the right to an interview once a year with his/her superior on the subject of his/her work, including performance and objectives and possible changes to his/her terms of employment. If a worker requests an interview, it shall be granted within two months and its conclusion shall be available within one month.

1.2.7 Evaluation of competence of work

Is authorised to assess competence for wages in the competency-based pay system which among other things takes the Icelandic competency-based pay system framework into account. When all competence requirements of the job are achieved, competence is confirmed with a competence validation certificate for the relevant job. The competence validation certificate is the result of cooperation between the Education and Training Service Centre, SA and ASI. Competence validation certificates are issued by FA which confirms that the proper methodology has been applied in evaluation and vocational training.

This creates a basis for remuneration policy that relates to the content and nature of the work and to competence of the worker, regardless of job titles - which are not included in the system.

Example:
Job-related factors

- Role
  - Criteria in this element are for example, the nature of the job and position in the workplace, job management, supervision of training and reception of new employees.
- Responsibility
  - Criteria in this element are for example responsibility for tasks, for people, machines, equipment etc.
- Independence
  - Criteria in this element are for example requirements for independence and work which can relate to the job as a whole or to specific elements of the job.

Dactors related to the individual

- Experience/ knowledge
  - Criteria in this element are e.g. additional knowledge, experience and training that can be used in the job.
- General competence factors
  - Criteria in this element are e.g. communication skills, initiative and flexibility.

1.3. Changes in wages during term of agreement

1.3.1 Changes in wages

Pay will be subject to proportional increase, with a minimum increase in ISK, unless otherwise specified in the pay tables included in this agreement. Monthly pay means a fixed monthly pay for day work.

1 February 2024:	3.25% or ISK 23,750
1 January 2025:	3.50% or ISK 23,750
1 January 2026:	3.50% or ISK 23,750
1 January 2027:	3.50% or ISK 23,750

1.3.2 Pay rates

Pay rates increase specially, see attached document to this agreement.

1.3.3 Terms of employment items

Terms of employment related items increase as stated here, unless decided otherwise.

1 February 2024:	3.25%
1 January 2025:	3.50%
1 January 2026:	3.50%
1 January 2027	3.50%

1.3.4 Pay bonus

If the collective agreement remains in force, then the wages and criteria committee shall in March 2025, 2026 and 2027, prescribe a special pay scale bonus, if the Statistics Iceland wage index for the general labour market shows that wages have increased in excess of the increase in the lowest pay scales. The proportional increase in that index shall be compared to the proportional increase in Category 4 in collective agreements for SGS/Efling for the same period. The pay scale bonus is calculated as full proportion of excess increase of the above specified pay scales, where the minimum pay scales for parties to the agreement increase by that proportion, from and including 1 April each year.

a. In March 2025, account shall be taken of the rates and development of the wage index for the period November 2023-November 2024.

b. In March 2026, account shall be taken of the taken of the rates and development of the wage index for the period November 2024 – November 2025.

c. In March 2027, account shall be taken of increases in pay rates and development of the wage index for the period November 2025-November 2026.

If a productivity bonus and pay increase according to this agreement are to be paid at the same time then the minimum pay rate of the agreements shall be subject to whichever bonus is the higher in each instance.

Productivity bonus

If productivity increases more than 2% during the years 2025 and 2026, workers shall receive a share of this additional value in the form of a special productivity bonus, on the fulfilment of certain conditions.

The productivity bonus and payment for this bonus is further elaborated in a document attached to this agreement.

1.4. December bonus and holiday pay bonus

1.4.1 December bonus

The December bonus for each calendar year based on full employment is:

In 2024 ISK 106,000

In 2025 ISK 110,000

In 2026 ISK 114,000

In 2027 ISK 118,000

A full year's work in this case is considered to be 45 worked weeks (1,800 working hours) or more, not including holiday. The bonus is paid no later than 15 December each year, according to percentage of full-time position and length of service, to all workers who have been in continuous employment with the employer for 12 weeks during the last 12 months, or that are in work in the first week of December. With agreement with a worker, it is authorised to have the settlement period from 1 December to 30 November each year instead of the calendar year.

The December bonus includes holiday pay, is a fixed amount and does not change according to other provisions. Accrued December bonus shall be settled on termination of employment should this take place prior to the due day for the bonus.

A worker with a contractual relationship with the company who is not on the payroll because of a lack of raw material or because of illness in December does not lose his/her right to the December bonus and this period of time is included in the calculation of the December bonus.

1.4.2 Holiday pay bonus

The holiday pay bonus for each holiday pay year (May Day to 30 April) based on full employment is:

ISK 58,000 for the holiday year which commences May Day 2024

ISK 60,000 for the holiday year which commences May Day 2025

ISK 62,000 for the holiday year which commences May Day 2026

ISK 64,000 for the holiday year which commences May Day 2027

A full year's work in this case is considered to be 45 worked weeks or more, not including holiday. The bonus is paid no later than 1 December each year, according to job percentage and length of service, to all workers who have been in continuous employment with the employer for 12 weeks during the last 12 months', as of 30 April or that are in work in the first week of May.

The December bonus includes holiday pay, is a fixed amount and does not change in line with other provisions. Accrued holiday pay bonus shall be settled on termination of employment should this take place prior to the due day for the bonus.

1.4.3 Absences for maternal/paternal leave or when a woman needs to take leave for safety reasons during pregnancy.

After one year working for the same employer, absence for statutory maternal/paternal leave is considered working time when calculating December and holiday pay bonuses. The same applies if a woman needs to take leave during pregnancy for safety reasons, see regulation on measures to increase health and safety at the workplace for women who are pregnant, have recently given birth to a child or who are breastfeeding.

1.5. Length of service pay increases

1.5.1 If requested, the Employee shall provide proof of work experience.

1.5.2 Length of service with relation to work experience shall be assessed on the basis of confirmed information on prior work. For general work, such as in kitchens, cleaning and work in shops, work experience in related work, including domestic work shall be specifically assessed. In the case of comparable work, employees can gain up to one year work increment, even if they have not previously worked under this collective bargaining agreement.

1.5.3 Assessment of length of service

When using length of service to decide wages, the age of 22 shall be considered equivalent to having one year's employment in the industry.

1.5.4 On rights accrued from work abroad, see article 13.4.3.

1.6. Hourly pay in day work

The pay rate for day work shall be calculated by dividing the monthly wage by 172.

1.7. overtime premium

1.7.1 Overtime is paid with an hourly rate equivalent to 1.0385% of the monthly pay for day work.

The calculation of overtime pay is according to the employment contract or to a written confirmation of employment.

1.7.2 All extra work on public holidays (stórhátíðardagar) pursuant to Article 2.3.1 is paid at an hourly rate which is 1.375% of monthly pay for day work. This does not apply to regular work of shift workers, where holidays in the winter months are granted in accordance with Article 3.4 for work on the days in question.

1.7.3 Employees who work overtime do not enjoy special premium pursuant to Article 3.2 and wintertime off pursuant to Article 3.4, shall receive in addition to overtime pay, day work pay for work on Good Friday, Easter Sunday, Whit Sunday, 17 June, Christmas Day, Christmas Eve after 12:00, New Year's Day between 12:00 and 22:00. Work on New Year's Eve from 22:00 and on New Year's Day shall be paid at double overtime rate.

1.8. Call-out

If employees are called out to work, they shall be paid a minimum of four hours.

1.9. The right to full payment of monthly wages

1.9.1 A worker who has worked with the same employer in the same industry continuously for one month or longer shall be paid full monthly pay in such a manner that holidays specified in a contract of employment which fall on Mondays to and including Fridays, are paid.

1.9.2 Continuous work for one month means work with the same employer or in the same industry for full day work/shift work for one month, where absences for illness, accident, holiday, strikes, or lockout are equivalent to full work.

1.9.3 An employee who has done seasonal work or work paid by the hour for a total of one month with the same employer during the past 2 years shall receive unimpaired monthly pay, according to 1.9.1 when he is hired for regular work, see Article 1.9.2

1.10 Part-time work

1.10.1 Those who are called into work irregularly (do not have a work obligation) shall receive payment by the hour pursuant to Wage Category 4, according to length of service and accrued rights with the same employer.

1.10.2 Employees who regularly work part-time (for an agreed job/percentage job), whether part of a day or in another manner, shall enjoy the same right to payment of contractual and statutory accrued rights, such as days off, sickness and accident days, notice of termination, length of service pay rises, etc., as those who work a full working day and payments shall be on the basis of percentage job and on a normal working day of the employee in question.

1.11 Rules on payment of wages

1.11.1 Wages shall be paid monthly after the first business day of the following month such that when fixed monthly wages are paid e.g. for January, then payment is made for the period 1-31 January which shall be made on the first business day of February. Overtime wages, shift premium and other payments for the period 20th day of the preceding month until the 19th day of the month prior to the payment date. Those who are not paid fixed monthly wages shall however be paid weekly, no later than on the Friday of the following week. If pay day falls on a holiday then the pay day will pursuant to article 2.3. be the last working day of the month.

1.11.2 The general rule shall be to pay wages with a deposit in the bank account of the employee in question.

1.11.3 If an employer requests to introduce another payment system for wages than specified in this agreement, he is obliged to consult his/her employees, the relevant union and relevant employers' association.

1.11.4 A payslip shall accompany payment to an employee which shall show his name. A payslip shall detail fixed wages, hours in day work, hours worked with shift premium, overtime, clothing allowance, driving allowance, taxes, contributions to pension funds and other deductions. Holiday pay shall be shown on the payslip pursuant to Act no. 30/1987. Accrued rights to take leave shall also be specified pursuant to Article 2.4.2. Time sheets shall be filled out in duplicate and the employee shall retain one copy. In the case of electronic time register or time clock, a copy of daily time recording shall accompany the payslip. In the case of goods withdrawal by an employee, a signed withdrawal receipt shall be accessible for to the employee.

1.11. 5 An employee shall have the right of access to time records for the preceding 12 months. All changes to records shall be accessible and visible to the employee.

1.12. Economies and piecework pay systems

Should an agreement be reached between a restaurateur and his employees to make economies and adopt a piecework pay system, the relevant trade union shall be allowed to monitor this from the outset.

1.13. Chambermaids, night watchmen and door supervisors

1.13.1 Chambermaids are not obliged to do major cleaning on the ceilings of accommodation facilities.

1.13.2 When hiring night watchmen, their scope of work shall be defined in writing.

1.13.3 This agreement covers night security indoors in companies and only relates to any kind of surveillance work, telephone answering and door supervision related to the job. Other and unrelated work is according to agreement between the employee and the company.

1.13.4 When hiring door supervisors, their scope of work shall be defined in a written contract of employment.

In addition to the terms of employment, it shall be stated that the party in question fulfils the conditions set by Article 21 of Regulation no. 1277/2016 on restaurants, accommodation premises and entertainment events, to work as a door supervisor, see page 8.

The scope of work of a door supervisor is to keep things under control indoors and in a queue of guests outside, in addition to other tasks the employer might assign to him.

1.14. Employment contracts and letters of engagement

1.14.1 If a worker is employed for a period longer than one month and on average for more than eight hours per week, a written contract of employment shall be made, or the appointment confirmed in writing. If a worker ceases work before the end of the months‘ notice, without a written employment contract having been made or without the hiring being confirmed in writing, such confirmation shall be provided at the end of the period of employment. A contract of employment shall be made in duplicate and the employee shall retain one copy. It is never the less authorised to send a contract of employment to an employee electronically where the contract is confirmed by both parties.

1.14.2 Changes to terms of employment that exceed those resulting from the law or from collective bargaining agreements, shall be confirmed in the same manner, no later than one month after their implementation.

1.14.3 The provisions of article 1.14.1. and 1.14.2. do not apply to casual employment, except where this is based on objective criteria.

1.14.4 The employer's duty to provide information - In the employment contract or in written confirmation of employment, i.e. the letter of engagement, at least the following shall be included:

1. The identities of the parties, including ID numbers.
2. Workplace and address of the employer. 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.
7. Termination notice for employer and employee.
8. Monthly or weekly pay, e.g. with reference to wage categories, other payments or benefits and the time of payment.
9. The length of a normal working day and working week.
10. Pension fund.
11. Reference to collective bargaining agreement in force and to the relevant union.

Information pursuant to items 6-9 may be provided with reference to the collective bargaining agreement.

1.14.5 Work abroad - If a worker is required to work in another country for one month or longer, he shall be given written confirmation of his/her employment before departure. In addition to the information pursuant to article 1.14.4 the following shall be shown:

1. Estimated working time abroad.

2. The currency in which wages are paid.

3. Allowances or benefits related to work abroad.

4. As appropriate, conditions to be met for the employee to be able to return home.

Information pursuant to items 2 and 3 may be provided with reference to law or to the collective bargaining agreement.

1.14.6 Temporary employment

Temporary employment is according to Act no. 139/2003 on temporary employment of workers.

1.14.7 Right to damages

If the employer breaches the provisions of this article, then he can be liable for damages.

1.15. Wages in foreign currency

It is authorised to pay part of fixed monthly wages in foreign currency or to tie part of monthly wages to the exchange rate of foreign currency with an agreement between the employee and employer. The exchange rate used will be the selling rate of the currency for the day (agreement day) when the agreement between the employee and employer is made.

A fixed monthly wage shall be calculated and entered on the payslip in the following manner:

1. Fixed monthly wages in ISK on agreement day.
2. The amount in ISK on which agreement was reached to pay in foreign currency or to tie to the exchange rate of a foreign currency on the agreement day, is deducted.
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 three 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.

An employee and employer are authorised to come to agreement to the effect that overtime, shift premium, bonuses and other payments will be settled in part or wholly in a foreign currency.

Wage increases shall only be calculated on item 1, i.e. fixed monthly wages in ISK.

An employee can at any time request cancellation 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. The employee shall receive pay, according to item 1 as amended from the day when the initial 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 Appendix on page 89.

1.16. Competition clause

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 broad competition provisions in an employment contract may be, particularly with regards to scope of applicability and to time limitations, the following aspects must be taken into consideration:

a. The kind of work the employee in question does, e.g. whether he is a key employee or is in direct contact with customers or bears 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 on 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. his/her wages.

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

1.17. Certificates and payment for them

If an employer requests that an employee provide a certificate, e.g. criminal record certificate or health certificate, the employee is obliged to provide such certificates and the employee is obliged to pay for them. Payment for doctor's certificates is according to article 9.4.3.

The provisions of paragraph 1 do not cover certificates that applicants for jobs need to provide in connection with the job application.

Protocol on certificates with job applications

The parties to the agreement recommend that when jobs are advertised as available for application in the media that applicants are not required to provide certificates immediately with the preliminary application, for which they have to pay public bodies. Only applicants that are short-listed need to provide such certificates.

Protocol on contracts

The parties to the agreement agree on the importance of the contract of employment clearly stating the collective agreement that applies with regards to employees' terms of employment. It shall be stated in a contract of employment that an employee enjoys terms of appointment according to the collective agreement between the Federation of General and Special Workers in Iceland and SA for catering, accommodation service and snack bars, leisure companies and similar activities, where it is intended that the employee is to be employed according to that collective agreement. [2019]

Chapter 2: On working hours

2.1. Day work

2.1.1 For the fixed monthly wage, employees shall work 40 hours each week (active working time 37 hours and 5 minutes), or for a proportionately shorter period of time if one of the days off listed in 2.3.1-2.3.2 occurs in the week.

2.1.2 Day work is considered to be from 08:00 until 17:00 Monday to Friday. If an employee works in more than one department with the same employer, his total maximum daily work hours are 8/ 40 per week. Day work of each employee shall be scheduled as continuous hours on each day and shall never commence before 07:00. The start of day work for each employee shall be decided in his/her employment contract and shall not be changed unless his/her employment has been terminated or with agreement. It is authorised to schedule day work in another manner than described above, if the employer and employees reach an agreement on this.

It is authorised with a written agreement between an employee and the company to move day work between days in such a manner that the weekly work obligation will be fulfilled in a period shorter than five whole working days and then the provisions of article 2.2.1 do not apply.

2.1.3 Special provisions for Keflavík and District Trade and Seamen's Union for day work apply instead of 2.1.1 og 2.1.2:

For the fixed monthly wage, employees shall work 40 hours each week (active working time 37 hours and 5 minutes), or for a proportionately shorter period of time if any of the days off listed in 2.3.1-2.3.2 occur in the week. The work shall be done during the period from 08:00 to 17:00, five days of the week.

It is authorised to schedule day work in another manner, if the employer and employees reach an agreement on this. Nevertheless, day work of each employee shall always be scheduled as continuous hours on each day and shall never commence before 07:00.

2.1.4 Regular part-time work

An employee hired for part-time work is paid by the hour for work in excess of his/her percentage position, day work pay during the day work period, overtime, outside the day work period and on contractual holidays while public holiday pay is paid for work on public holidays (stórhátíðardagar).

2.1.5 Casual work

An employee hired for casual work (has no obligation for work) is paid by the hour for day work during the day work period, overtime outside the day work period and on contractual holidays and public holiday pay for work on public holidays (stórhátíðardagar).

2.2 Overtime

2.2.1 Contractual overtime commences when the agreed day work has ended, 7 hours and 25 minutes active working hours, during the period 07:00 to 17:00 Mondays-Fridays, i.e. 40 hours per week, see articles 2.1.2-2.1.2.

2.2.2 For work in excess of 40 hours per week, work on Saturdays, Sundays and on contractual holidays overtime is paid, and public holiday (stórhátíðardagar) pay is paid for work on public holidays.

2.2.3 If an employee works in lunch and coffee breaks during day work, then this is paid at overtime rate.

2.3. Days off

2.3.1 Public holidays are considered to be:

New Year's Day
Good Friday
Easter Sunday
Whitsun Sunday
17 June
Christmas Eve after 12:00
Christmas Day
New Year's Day after 12:00

2.3.2 Holidays other than public holidays are:

Maundy Thursday
Easter Monday
First day of summer
May Day
Ascension Day
Whitsun Monday
First Monday in August
Boxing Day

2.4. Minimum rest

2.4.1 Daily resting time

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 it is possible to arrange it, daily rest shall be within the period between 23:00 till 06:00.

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

2.4.2 Exceptions and time off in lieu

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.

In instances where special circumstances make it unavoidable to deviate from the daily resting time, the following applies: 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 out ½ hour (day work) time off in lieu, if the employee so wishes. In all instances, it is unauthorised to shorten an eight 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 of the working day, then this should be treated in the same way. If an employee comes to work on holiday or weekend, overtime is paid for worked hours, without further additional payments for this reason.

The above provisions do however not apply to scheduled shift changes where it is authorised to shorten resting time to eight 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 high season in company operations, in consultation with employees where the accrued time off in lieu is at least four hours.

It is unauthorised, without the agreement of the employee, to schedule work in such a way that accrued time off in lieu is taken at a time when the employee is travelling for his/her employer, or is working at some distance from his/her home or base, except as normal continuation of the earning of holiday rights.

2.4.3 Weekly day off

In every seven day period, the employee shall have at least one weekly day off which is linked directly to daily resting time and the week shall be considered to commence on Monday.

2.4.4 Postponement of weekly day off

To the extent possible, the weekly day off shall be on Sunday and to the extent possible, those working at the same company or at the same fixed place of work shall have their day off on that day. A company may nevertheless postpone the weekly day off with an agreement with employees, where special circumstances make such an exception necessary. If there is a special need to schedule work in such a way that the weekly day off is postponed, a collective agreement shall be made on this. It is then allowed to take the day off in such a manner that two days off are taken together every other weekend (Saturday and Sunday). If days off on the other hand, fall on weekdays for unforeseen reasons, this does not impair the rights of employees to fixed wages and shift premium.

If an employee needs to travel abroad on unpaid holiday days at the request of the company, then on his/her return home he shall receive time off equivalent to 8 day work hours for each day off that he missed if this has not been taken into account when deciding wages. The taking of these days off is handled in the same manner as decided in the chapter on minimum rest and days off.

2.4.5 Breaks

An employee has a right to at least a 15 minute break if his/her daily working hours exceed six hours, and meal breaks are considered to be breaks in this connection.

2.4.6 With respect to scope of applicability, rest time, work breaks etc., reference is made to the agreement between ASÍ and VSÍ from 30 December 1996 on specific issues that relate to the scheduling of working time, and that is attached to this agreement as an Appendix and is considered to be an integral part of this agreement and which is identical to the agreement between ASÍ and VMS. The above specified provisions augment article 13 of this agreement.

2.5. Recording of working hours

2.5.1 Each commenced hour in requested overtime is paid as 30 minutes and as 60 minutes if more than half an hour is worked.

2.5.2 This employee shall be punctual in commencing work, whether in the morning or after coffee and/or meal breaks. Employees shall be registered as being in working hours and they shall receive pay for the quarter of an hour during which they are clocked out.

If an employee turns up late for work, then he has no claim to that quarter of an hour in which he arrives, nor for the time that has passed.

It is authorised at workplaces that use a time clock, to pay wages according to the measured attendance hours recorded by the clock.

2.5.3 If employees need to change clothes, they should do this in their own time before working time commences, and after working time is completed.

2.6. Changed percentage job and/or working hours

An employee who changes his/her working hours at the request of the employer or with his/her acceptance, from part-time day work to full-time day work, or from full-time day work to part-time day work shall enjoy all contractual and statutory rights in instances of sickness or accident and payments of extra holidays from the time that he commenced work, on the basis of his/her length of service and in accordance with the changed working hours.

There is further information on part-time employees in the agreement between ASÍ and SA on part-time work and as appropriate in legislation on part-time employees.

2.7. Notification of absence

Employees shall notify justifiable absence with as much notice as possible.

2.8. Time off in lieu of overtime

It is authorised, with an agreement between an employee and employer, to accumulate days off in lieu of overtime in such a manner that overtime hours are accumulated for days off during day work periods while the difference between pay for day work and overtime is paid at the next regular payment or is accumulated in total for days off during day work periods. The value of worked overtime hours shall be used as a basis for calculation. Agreement should be reached on taking the days off. The right to take days off, according to the above, which have not been used before May Day each year, or at the end of an employee's employment shall be paid out on the basis of the value of day work hours on the date of payment. There shall be agreement on taking days off, which shall be scheduled to cause as little disruption of operations as possible.

It is authorised to have two types of arrangement:

A) overtime hours can be accumulated and the overtime premium is paid out.

Simple example: An employee's day work hourly rate is ISK 1,000, and the company pays ISK 1,800 for overtime. There is an agreement that the next 8 overtime hours will be paid such that the overtime premium is paid out (ISK 1,800– 1000 = ISK 800/hour) while the overtime hours are accumulated. When the employee takes payments for time off, he retains his day work hourly rate (ISK 1.000) for eight hours. The amount of the overtime premium must be checked if only a separate extra payment is made. If an employee has a separate extra payment which is only paid on day work hours, then this must be taken into account.

b) Overtime hours may be accumulated and converted to day work hours.

Example: If the employee's overtime premium is 80%, worked overtime hours can be converted to time off during the day work period such that one overtime hour is equivalent to 1.8 hours in day work (4.44 hours overtime are equivalent to 8 hours day work). The proportion must be checked if a separate extra payment is only made on day work rate.

There shall be agreement on taking days off, which shall be scheduled to cause as little disruption of operations as possible.

2.9. On-call shifts

It is authorised to introduce on-call shifts where an employee is obliged to be available on the telephone and to carry out work when called out. 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, he will receive the equivalent of 33% of the day hour rate. On general holidays and public holidays pursuant to articles 2.3.1 and 2.3.2, the above specified proportion will be 50%.

For on-call shifts where immediate reaction by the employee is not demanded, but where he is available for work immediately on being contacted, 16.5% of the day hour rate is paid for each hour of the on-call shift. On general holidays and public holidays pursuant to articles 2.3.1 and 2.3.2, the above specified proportion will be 25%.

For being called out on an on-call shift, the employee is paid for worked hours, though for a minimum of 4 hours, unless the work commences within two hours of him being called to work. Payments for on-call shifts and overtime payments never apply together.

2.10 Inconvenience from telephone calls

If an employee's land line or mobile telephone number is shown in a company list of phone numbers then the work that this generates shall be taken into account when assessing wages.

Protocol on impairment of minimum rest time

In the collective agreement there is a provision for right to time off if the rest period is shorter than 11 hours. The parties to the agreement agree that this rule also applies if the period of rest becomes less than 8 hours in exceptional instances. [2004]

Protocol on time off without pay for employees in tourism at Christmas and the New Year

Employees in Tourism industry processing who request time off without pay at Christmas and New Year, and who have had this agreement by the manager in question, shall receive day work pay in proportion to their percentage position for the contractual holidays that fall on working days during the period in question. The employer's duty to pay is dependent on the employee having gained the right to payment pursuant to the provisions of article 1.9.1 in the collective agreement between the parties. [2019]

Chapter 3: Shift work

3.1 Shift work

3.1.1 It is authorised to introduce shifts for all days of the week. If shifts are only worked five days a week within the time frame 17:00-08:00, the working week shall only be 38 hours. It is also authorised to work half shifts, 20 working week (19 hours where the working week is 38 hours).

3.1.2 A shift shall be no longer than 12 hours and no shorter than 3 hours. Each shift shall be worked as continuous hours and the employer is obliged to pay for the whole period of the shift, unless the employee asks for time off.

3.1.3 If an employee is hired for shift work, this shall be stated in his or with a written/her employment contract. A contract of employment allows for a percentage position in accordance with the shift schedule, see Article 3.1.5.1 or 3.1.5.2, the following 4 or 2 weeks subsequent to hiring. Allowance shall be made for the percentage position being changed with an agreement between employees and the company, with one week's notice and for a period of two or four weeks at a time.

3.1.4 Shift premium is paid up to 100% work.

Shifts in this agreement means a pre-defined work arrangement for employees. The length of shifts shall be specified in a shift schedule, among other things taking into account the start and end times of shifts. Work in excess of working hours pursuant to the shift schedule shall be paid with shift premium for work outside day work pursuant to article 3.2.1 and a premium on days off pursuant to articles 3.2.2 to 3.2.3 in the collective agreement as appropriate up to 40 hours per week on average and overtime pay pursuant to article 3.2.4 for full working hours.

3.1.5 Shift schedule

3.1.5.1 Shifts shall be organised for 4 weeks at a time and the shift schedule shall be announced at least one week before it comes into force.

3.1.5.2 In situations where the operations are based to a large extent on part-time work, it is authorised to decide shifts for a shorter period of time, but no shorter than for two weeks and given that it is stated in the contract of employment that the employee agrees to this arrangement.

3.1.5.3 The shift schedule shall be displayed where employees have easy access to it.

3.1.5.4 Calls to extra shifts

Extra shifts shall be called with as much notice as possible.

3.2. Premium on day work rate

3.2.1 In shift work, a premium is paid on that part of 40 hours work on average per week which falls outside the day work period:

33% premium for the period 17:00-24:00: Monday to Friday.

45% premium during the period 00:00-08:00 all days and Saturdays and Sundays.

3.2.2 Premium on holidays

Work on Maundy Thursday, Easter Monday, first day of summer, May Day, Ascension Day, Whitsun Monday, first Monday in August, and Boxing Day are paid with 45% premium on day work rate.

3.2.3 Premium on public holidays

Work on New Year's Day, Good Friday, Easter Sunday, Whitsun, 17th of June, New Year's Eve after 12:00, Christmas Day and New Year's Day after 12:00 are paid with the 90% premium on day work.

3.2.4 Overtime pay

For work in excess of 40 hours (38 hours is the day work during the period 17:00-08:00) on average in shift work per week, overtime shall be paid.

3.2.5 If an agreement has been made on a changed arrangement for premium payments pursuant to article 5.12 in the collective agreement, then this applies instead of the shift premium pursuant to article 3.2.1 and applies equally to those employees that are working when the agreement is accepted according to the conditions of this chapter as it does to those who are appointed at a later date.

3.3. Refreshment breaks in shift work

3.3.1 Refreshment breaks shall be 5 minutes for each worked hour and are divided according to an arrangement between employees and managers.

3.4. Winter time off for work on holidays

3.4.1 Employees who work shifts accrue 12 winter days off for one year's work, for public and special days according to articles 2.3.1 and 2.3.2, which fall on Mondays to Fridays.

3.4.2 If the workplace is closed on the above specified days or if time off is given, the corresponding number of days is deducted from the extra days off, except in the case of an employee who has accrued shift days off. The employer shall announce the provision of winter days off with at least a month's notice.

3.4.3 This winter days off shall be given during the period 1 October until May Day. Winter days off are earned during the period October to October.

3.4.4 With an agreement between the restaurateur and an employee it is authorised that payment may be made in lieu of the days off in question, 8 hours at the day rate for each day off, based on full-time employment. Accrued winter days off are settled for temporary workers when their employment ends.

Explanatory text box for winter holidays

The main rule is that employees take a winter holiday on pay.

It is authorised, with an agreement between employer and employee, to have a different settlement rule for special holidays/major public holidays for shift workers.

Instead of a winter day off its authorised to pay shift workers 8 hours

day work (with reference to full-time work) for each individual holiday/ major public holiday which occurs on a week day. Part-time workers are paid according to their percentage work.

The payment role applies both when an employee works on a holiday/ major public holiday (on a weekday) and when an employee has an accrued shift time off (on a weekday) and has thus fulfilled his total working duty with reference to his percentage work.

The right to payment does thus not depend on whether the employee works on a special holiday/major public holiday but rather whether he has fulfilled his total working duty in the week in question with reference to his percentage work.

See appendix on page 8 on winter days off for shift workers.

Protocol on weekend days off for shift workers

Shifts shall be scheduled such that permanently employed employees have the weekends off at least every third weekend on average over the preceding three months.

Chapter 4: On meal and coffee breaks, food and transportation costs

4.1. Meal and coffee breaks during day work

4.1.1 There shall be two coffee breaks in day work, totalling 35 minutes and they are considered working time.

4.1.2 The lunch break shall be ½ hour during the period 11:00-14:00 and is not counted as working time.

4.2. Coffee breaks for employees paid by the hour

Employees who start work during the period 18:00-08:00 shall have coffee breaks equivalent to 5 minutes for each hour and they shall be taken at three hourly intervals and are considered to be working time. (These coffee breaks apply to employees on extra shifts and employees paid by the hour. Permanent employees take their coffee breaks, pursuant to Article 4.1.1).

4.3. Work during meal breaks

If it is not possible to provide a meal break pursuant to Article 4.1, then it shall be paid.

4.4. Meal and coffee breaks during overtime

4.4.1 If overtime is worked until 19:00 or longer, then a 30 minute meal break shall be given during the period 17:00-20:30 and it is considered to be in working time. If work is done during the meal break or part of it, a correspondingly longer working time is paid.

4.4.2 If overtime is worked during the night, then a 30 minute meal break shall be given during the period 03:00-05:00. This meal break and all coffee breaks are considered to be in working time. If work is done during these breaks, then a correspondingly longer period of overtime is paid for.

4.4.3 It is not authorised to sign people out of work when the time has come for a coffee or meal break in overtime (with the exception of evening meal break). In such instances these coffee or meal breaks will be paid in addition to worked hours.

4.4.4 The length of refreshment breaks at weekends is treated in the same manner as those on working days.

4.5. Food and transportation costs

4.5.1 The employer provides employees with food during working hours at no cost to the employee. When hot meals are not available and/or if the employee is working outside normal meal times, he shall be provided with sandwiches and milk, coffee or tea.

4.5.2 Work outside the workplace

When employees are sent to work at locations outside the workplace, their travel and subsistence shall not entail costs for the employee.

4.5.3. Travel to and from work at night

If a working shift ends after midnight, or if work has to be started before 08:00, the employer shall provide accommodation in a room with made up bed or provide transport, or shall pay an amount equivalent to 2½ times the start charge for a taxi.

4.5.4 Car allowance for use of own car on behalf of the employer

4.5.4.1 If an employee uses his/her own car at the request of the employer, he has a right to payment. Payment is based on kilometres travelled on behalf of the employer. If an alternative agreement has not been made with the trade union in question, the amount per kilometre shall be the same as decided by the State Travel Cost Committee in each instance.

4.5.4.2 In the case of home deliveries within a built-up area, the restaurateur and the employee who provides a vehicle are authorised to agree to a fixed cost in ISK for each delivery.

4.5.5 Should there be a dispute on what is a reasonable cost, reference shall be made to calculations by FÍB (The Icelandic Automobile Association) of the cost of running the vehicle of the type being used.

4.5.6 Per diem payments on journeys abroad

Per diem payments to employees for journeys abroad are according to the decisions of the State Travel Cost Committee, if the company does not have specific rules on payment of travel costs.

Chapter 5: The company part of the collective bargaining agreement

5.1. Definition

A company agreement (workplace agreement), in the understanding of this chapter, is an agreement between a company and employees, all or specific part, 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 bargaining 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 5.5.

5.2. 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.

5.3. Authorisation for negotiations

The company-specific part 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 part take place under an embargo on industrial action of the general collective bargaining 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 negotiations have been decided, the relevant unions and employers' associations are notified.

5.4. Advisers

It is proper for both parties, employees and representatives of the company, to seek advice from the parties to the negotiation. The parties can either singly or jointly decide to call in representatives of the parties to the agreement for advice on making the agreement, immediately after negotiations have been decided.

5.5. Representatives of employees - spokesmen in negotiations

Union delegates 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. The union representative shall be authorised to have elections for two to five additional members of the negotiating committee, depending on the number of employees, and they jointly form the negotiating committee.

The union representative 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 unauthorised to let them pay a price for their work in the negotiating committee. It is thus unauthorised to dismiss them because of their work in the negotiating committee.

At workplaces where representatives are in two or more unions, they shall jointly represent employees in those instances where the company 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.

5.6 Dissemination of information

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

A union representative has a right to information on wage payments at those workplaces where he is a representative, to the extent necessary to implement provisions of the company agreement.

While the company agreement is in force, union representatives 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 unauthorised to provide unrelated parties with information about its substance.

5.7. Authorised exceptions

It is authorised with an agreement within a company, between employees and the company, to adapt the provisions of the agreement to the needs of the workplace with exceptions, with respect to the following items, given that agreement is reached on remuneration to employees.

a. Flexible daytime work. It is authorised to agree on a 07:00-19:00 day work period.

b. Four day working week. It is authorised to complete the full weekly hours in day work in four days when the law or other agreements do not prevent this.

c. Shift work. It is authorised to adopt shift work with a minimum of two weeks' notice. The shift work shall not last for a shorter duration than one month at a time.

d. Overtime premium on daily basic rate. It is authorised to move part of the overtime premium to the daily basic rate.

e. Leave in lieu of overtime. It is authorised to agree to aggregate overtime hours and to take leave in lieu for an equal number of hours on working days outside company high season. Overtime hours are aggregated and then paid at daily rate, but the overtime premium is paid out.

f. Refreshment breaks. It is authorised to agree on an arrangement for refreshment breaks, which is other than that in the main collective bargaining agreement.

g. Holidays. It is authorised to use part of holidays to decrease operations, or to close on specific days outside company high season.

h. Piecework pay system. It is authorised to develop a piecework pay system without formal workplace research where this is considered by both parties to be beneficial.

i. Moving of Thursday holidays. It is authorised to agree at a workplace that contractually bound holidays for Ascension Day and for the first day of summer, which both always fall on a Thursday, are moved to another working day, e.g. Friday or Monday, or are joined to other holidays taken by employees.

Exceptions from general rules of the collective agreement in excess of the above specified limits is therefore only authorised where endorsements of the union in question and of SA are in place.

5.8. Recompense for employees

If agreement is reached on adapting provisions of the collective bargaining agreement to the needs of a company or on exceptions from work practices on which an agreement has been made, an agreement should also be made on a share for employees of the gains made by the company 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 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 5.9.

5.9 Coming into force, scope and period of validity

The agreement on the company part shall be in writing and shall be submitted for approval to all parties that the agreement is intended to cover for 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 four 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. No later than two months after the collective bargaining agreement comes into force, the parties shall commence negotiations on review and renewal of the agreement on the company part. If an agreement is not reached on changes within two months, either party can terminate the company agreement with six months' notice, ending as of the end of a month. At the end of that period they both become void, the agreed changes and the share of employees in the company gain. 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 for the coming into force of the agreement. If an employer terminates the company-specific part of the agreement, the wage increases related to the agreement will only be reversed to the extent equivalent to the increase in costs resulting from the adoption of the former agreement provisions.

5.10. 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 the making of the agreement to company management 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 have been acquainted with the substance of the agreement when appointed.

5.11. Reduction of working hours

Since the Standard of Living Agreement came into force in April 2019, there have been provisions in collective agreements on shortening of working hours to 36 hours per week on average, along with the consolation of coffee breaks in day work according to collective agreement. The view of parties to the agreement has been that with discussions between employees and management at the workplace, a conclusion can be reached on improved use of working hours that can increase productivity. The gains will be divided between employees and employers, where the employees' share is reflected in shortening working hours to an average of 36 hours per week. By shortening the working week, a more family friendly work market will be created with a greater balance between work and private life.

It is also taking into consideration that with the collective agreement between SA and trade and technical workers, weekly working hours have been shortened from 37 hours and 5 minutes to 36 hours per week. Active working hours are considered to be the time when an employee is actively working, where daily presence at the workplace is active working time with the addition of breaks from work. There are examples where trade and technical employees and workers operate together, that the working time has been coordinated with an agreement between employers and the employees in question.

The aim of parties to the agreement is to support this development, and that more workplaces employing workers will by the end of the term of the agreement, have come to an agreement on 36 working hours per week on average, or at least that negotiations have taken place on whether changes to the provisions on working hours or to other provisions of a collective agreement can lead to reciprocal advantages.

Trade unions are authorised, having consulted workers, to take the initiative on discussions with employers on shortening of working hours. Participation in trade union representatives in a negotiating committee is according to article 5.5.

Parties to the collective agreement agree that in an agreement on shortening of working hours, other changes can be considered than solely the cancellation of coffee breaks. In this respect one can mention elements itemised in article 5.7, and it shall also be authorised to take into account other items related to working hours and wages, such as premium periods in shift work, and working hours and premium payments shall be better adapted to the economic sector in question and to the permanent staff working there. An agreement shall always be submitted to the relevant union, which shall assess whether the exceptions on which agreement has been reached, as a whole, meet the provisions of collective agreements on minimum terms of employment, see paragraph 1 of article 5.9. If a notification to the contrary has not been received within four weeks, the agreement is considered to be endorsed by both parties.

Shortening of active working hours:

If an agreement on cancellation of formal coffee breaks or other changes that benefit employers, then active working hours will be 36 hours per week without impairment of monthly wages. The arrangement for reduction of active working time can be implemented in a variety of ways, e.g.:

1. Flexible rest periods are taken, one or more.
2. Lengthening of lunch break.
3. Each working day reduced, agreed number of working days reduced or one weekday shortened.
4. The reduction is aggregated into time off in whole or half days.
5. Mixed method.

Representatives of the parties to the agreement shall have full access to agreement negotiations according to this article.

Model agreements

Party to the agreement undertake to jointly elaborate models of agreements according to this chapter. The models shall vary, taking into account suitability for each type of economic activity. These models shall be available no later than 1.10.2024.

Assessment during the term of the agreement

Parties shall make a joint assessment of shortening of working hours according to this agreement by 31 January 2027. For this purpose, the parties shall keep a record of the number of agreements made according to this chapter during the term of the agreement.

5.12. New competency-based pay system

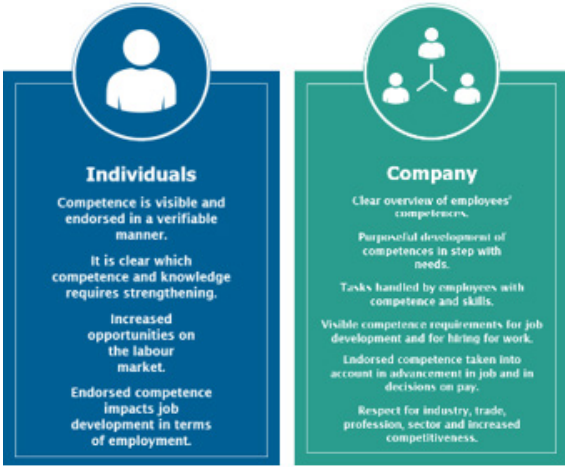
Basis

In an employment market which changes rapidly, it is important that competence in work is visible and endorsed. This brings advantages for companies and employees. Continuous improvements that contribute to increased productivity and efficiency ensure the operations and competitiveness of companies. One factor in competitiveness is that the company remuneration policy is linked to measurable results in a pay system developed in purposeful cooperation with parties to the collective agreement.

Goals and advantage

The objective of a competency-based pay system is to assess jobs in an objective manner, to increase factors that are taken into consideration when deciding remuneration for jobs and to elaborate clear criteria for remuneration and for the development in wages for employees. With a competency-based pay system the employees and employers have a powerful tool at their disposal, which supports increased education, development in work, transparency, job satisfaction and better working environment. At the same time there will be clearer incentives for employees to develop in their jobs.

Successful development and introduction of a competency-based pay system can support increased vocational education, professional development and transparency in the wage structure. This entails a need to define in a structured manner how evaluation of competence, skills, responsibility and performance of employees create a basis for more efficient decisions on remuneration and for increased gains for employees and companies.



In the Act on Equal Opportunities for the Genders no. 150/2020, requirements are made for companies with 25 employees or more for a pay system and decisions on remuneration based on objective and transparent criteria. Companies are obliged by law to fulfil the requirements of the equal pay standards, where the new competency-based pay system is intended to support equal pay systems for companies. It is desirable that smaller companies base their pay systems on analogous criteria.

Project description

The employment sector has called for a simple and accessible competency-based pay system based on few but clear elements that can be adopted by companies of all sizes and types. Companies have varying needs that the competency-based pay system reflects. The competency-based pay system does not constitute a final definition of criteria or of the weighting of individual factors but rather is a framework that can be jointly developed by employees and managers and adapted to the needs of each workplace, in line with the authority vested in the collective agreement.

In the development of the competency-based pay system and of definitions and criteria, the Icelandic qualifications framework is among other things taken into consideration. When all competence requirements of the job are achieved, competence is confirmed with a competence validation certificate for the relevant job. The competence validation certificate is the result of cooperation between the Education and Training Service Centre, SA and ASI. Competence validation certificates are issued by FA which confirms that the proper methodology has been applied in evaluation and vocational training. The product of definition of competence is called a job profile which includes:

- Short definition of the job.
- A list of the main tasks of the job.
- Other important elements.
- A list of those competence elements that are most important for performing a job in an effective manner, along with a list of competence at the appropriate level.

The system is based on few and clear main factors and within each of them there are more specific criteria. The elements are both job related and related to the individuals. The elements and their criteria create the basis for a decision on remuneration. The point of departure is to create a basis for remuneration policy that relates to the nature of the job and the competence of the employee, regardless of job titles, which are not part of the system.

Example:

Job-related factors

- Role
  Criteria in this element are for example, the nature of the job and position in the workplace, job management, supervision of training and reception of new employees.
- Responsibility
  Criteria in this element are for example responsibility for tasks, for people, machines, equipment etc.
- Independence
  Criteria in this element are for example requirements for independence and work which can relate to the job as a whole or to specific elements of the job.

Factors related to the individual

- Experience/ knowledge Criteria in this element are e.g. additional knowledge, experience and training that can be used in the job.
- General competence factors
  Criteria in this element are e.g. communication skills, initiative, flexibility.

5.13. Treatment of disputes

If agreement is not reached at the workplace on reduction of working hours pursuant to article 5.11, both employees and the employer are authorised to appeal the dispute to parties to the collective bargaining agreement, i.e. the trade union in question and SA Confederation of Icelandic Enterprise.

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, employees have the right to seek assistance from the appropriate union or to refer the matter to the union 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 5.9, 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.

5.14. Example of company part

company agreement

between

NN ehf. and employees of the company

This company part is made on the basis of Chapter 5 of the collective bargaining agreement between SA Confederation of Icelandic Enterprise and the trade union/s in question and applies to operations of the company.

Article 1

Working hours and refreshment breaks

Article 2

Other **....**

Reykjavík, dags.

p.p. employees p.p. NN ehf.

5.15 Changed arrangement for premium payments

On the basis of majority acceptance in a vote, employees have a right to discussions taking place on changes to any shift premium payments according to article 3.2.1 in the collective agreement. Company management can also request negotiations.

Instead of the shift premium according to article 3.2.1 in the collective agreement the following payments will be made:

a. Shift premium on top of all worked hours in a 24 hour period, up to 100% full-time work for one month instead of the premium according to article 3.2.1 in the collective agreement. The shift premium takes into account the average shift premium payments in the company during the previous 12 months, with reference to end of month. Where there are special conditions that indicate that one should use another time reference, for example because of changes to regular opening hours, then this shall be done.

The average shift premium is decided by taking the total number of working hours in the period for all employees working according to the collective agreement, over various premium periods.

b. Daywork premium on all worked hours during the period from 8:00 – 17:00 on weekdays, and against this payment is made which is other than the premium specified in article 3.2.1 in the collective agreement for work outside the day work period, as the parties agree to. When calculating the shift premium, it is taken into account that the average shift premium should be unchanged with this alteration from what it has been during the prior 12 months in the company, with reference to end of month, unless special circumstances indicate that one should use another time criterion.

Example: The average shift premium is 24% in a company which is not open during the period 24:00-08:00 with reference to 40% of the total working hours of employees being delivered during day work, 25% during the period 17:00-24:00 on week days and 35% at weekends. It would be possible in such instances to take a vote where the options were for example:

1. a premium of 6,25% it is paid for the period 8:00-17:00 on weekdays and 30% premium for the period 17:00 – 24:00 on weekdays and 40% at weekends from 8:00 – 24:00.
2. a premium of 13,5% would be paid for the period 8:00– 17:00 on weekdays and 31% premium for the period 17:00 – 24:00 on weekdays and at weekends from 8:00 – 24:00.
3. an average shift premium of 24% would be paid on top of all paid hours. It is authorised to take a vote on any option which returns an unchanged average shift premium.

If the underlying criteria for the agreement were to change, for example if the regular opening hours of the company or staffing were to change permanently from what they were when the shift premium was decided, then each individual party can demand that the shift premium is reviewed with reference to changed criteria and the change shall come into force from and including the following end of month subsequent to a written request for such having been submitted

The prerequisite for the company part coming into force is that representatives of parties to the agreement are offered full access to negotiations, if negotiations are announced and that they have the opportunity to review the documentation used as a basis for calculations.

The union shall confirm in writing that the proposal is based on a correct calculation and that it fulfils requirements regarding options a or b here above, and shall react to a request for endorsement within 4 weeks from the time that this has verifiably been received.

If a written confirmation is received or if a union does not react within the above specified time limits, a vote can take place. Should a union reject confirmation, then this shall be accompanied with valid supporting arguments.

In the event of a dispute on the above, the key shall be referred to SA and ASÍ, and they shall come to conclusion within four weeks.

Representatives of the labour market shall be sent a copy of the conclusions of the agreement.

In other respects the vote and coming into force of the agreement shall be as specified in article 5.9.

Chapter 6: On holiday pay

6.1 Holiday pay rights.

The minimum holiday shall be 24 working days. Holiday pay shall be 10.17% of all pay, whether it is for day work or overtime.

Applies from and including May Day 2024 (holiday rights to be used in the holiday year that commences May Day 2025). An employee who has reached 22 years of age and has worked for 6 months in the same company shall have a right to holiday for 25 days and to holiday pay of 10.64%.

Employees who have worked for 5 years in the same company shall have a right to holiday for 25 days and to holiday pay of 10.64%.

Applies from and including May Day 2024 (holiday rights to be used in the holiday year that commences May Day 2025). An employee who has worked for 5 years in the same company has a right to holiday for 26 days and to holiday pay of 11.11%.

Applies from and including May Day 2025 (holiday rights to be used in the holiday year that commences May Day 2026). An employee who has worked for 5 years in the same company has a right to holiday for 28 days and to holiday pay of 12.07%.

In the same manner, an employee who has worked 10 years with the same company is entitled to 30 days holiday rights and 13.04% holiday pay.

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

An employee who has received increased holiday rights because of his/her work in the same company will regain these rights after three years with a new employer, given that the rights have been verified.

6.2 Holiday outside the holiday period

Summer holiday is four weeks, 20 working days, which should be granted during the period 2 May-30 September.

It is authorised to provide holidays in excess of 20 days outside the specified summer holiday period 2 May-30 September, unless an agreement has been made otherwise. If an employee requests to take a holiday outside the above specified period this shall be respected, to the extent that company operations allow.

Those employees who, at the request of the employee, do not receive 20 holiday days during the summer holiday period, have the right to a 25% premium on the number of days, fewer than 20.

6.3. Holiday pay accounts in bank

Unions are authorised to come to an agreement on how this is organised with individual employers, that holiday pay is paid continuously into a special employees' holiday pay account in a bank or savings bank. In such an agreement, it shall be ensured that the party that undertakes custody of the holiday pay, pays the employee accrued holiday pay, i.e. the principal plus interest, at the beginning of the period when the holiday is taken. It is mandatory to provide the Ministry of Social Affairs immediately with a copy of such an agreement and to notify its termination.

6.4 Illness and accident during holiday

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 he cannot use the holiday, he shall on the first day notify the employer of this situation, e.g. with a telegram, email or in another verifiable manner unless prevented to do so by a force majeure and in this event, he should do so as soon as the obstacle is no longer in place.

If the employee meets the obligation to notify and if the illness lasts for more than 3 days and if he informs the events within this period of notice about which doctor is treating him or will issue a doctor's certificate, he has a right to additional holiday for an equal length of time as the illness verifiably lasted. In the above circumstances the employee shall always prove his/her illness with a doctor's certificate. The employer has the right to have a doctor visit an employee who has become ill on holiday. Additional holiday days shall, as far as possible, be provided on dates requested by the employee, during the period 2 May-15 September except in special circumstances. The same rules as above apply to accidents on holiday.

6.5 General provisions

6.5.1 Holidays are in other respects covered by the provisions of holidays legislation at any given time.

6.5.2 On the decease of an employee, accrued holiday rights will be paid to his/her estate with a deposit in his/her wages account or in another manner.

6.5.3 It is unauthorised according to Article 7 of The Holiday Allowance Act no. 30/1987 to pay out holiday pay concurrently with wages.

Chapter 7: On priority rights for work

7.1 Priority rights

When hiring, members of relevant trade union have priority for work with the employer and all employees shall have easy access to the unions. On the other hand, members of the relevant trade union undertake not to take employment in catering or accommodation jobs with employers other than companies in the Association of restaurateurs and accommodation providers, if they need staff, and have notified the relevant trade union about this need.

Chapter 8: On working environment, health and safety

8.1 Safety equipment

The personal safety equipment considered necessary by the Administration of Occupational Safety and Health, or specified in the collective agreement, shall be available for use by employees, see the Act on working environment, health and safety.

8.2 Use of safety equipment

Employees are obliged to use the safety equipment specified in the collective agreement and in regulations, and foremen and union representatives shall ensure that it is used.

8.3 Breach of safety rules

8.3.1 If employees do not use the safety equipment provided for them at the workplace, it is authorised to dismiss them without notice from their work after having cautioned them in writing. The workers' union representative shall ascertain without delay that there was a reason for the dismissal and he should be given the option of acquainting himself with all circumstances of the case. If he does not agree with the reason for the dismissal, he shall object to the dismissal in writing and then the dismissal without notice shall not be implemented.

8.3.2 A breach of safety rules, which results in a threat to employees' physical safety or life shall be subject to dismissal without notice, if the union representative and the representative of the company agree on the matter. If the safety equipment specified in the collective agreement and which the Administration of Occupational Safety and Health has required to be used, is not available at the workplace, then each employee who does not receive such equipment is authorised to refuse to work on the tasks where such equipment is a requirement. If no other job is available for the employee in question, he shall retain unimpaired wages.

8.3.3 Should a dispute arise on this provision of the agreement, it is authorised to refer the case to ASÍ and VSÍ.

8.4 Lockers

Each employee shall have a lockable locker. If this is not feasible there shall be lockable storage where they can keep valuables.

8.5 Work by young people

Limitations imposed on work by young people are according to Chapter X of the Act on working environment, health and safety in workplaces no. 46/1980, and according to the Regulation on the work of children and teenagers no. 426/1999

8.6 Interpretation for foreign workers

When important information needs to be disseminated to employees, such as on security, work arrangements, alterations at the workplace or about matters that relate to individual employees, the employee shall endeavour to provide interpretation for those employees who need it.

8.7 Observations on equipment and safety at the workplace

8.7.1 Employees shall normally be authorised to report observations and complaints about infringements of the law or other reprehensible conduct related to equipment and safety in the workplace, that can impact the health and safety of employees.

8.7.2 At workplaces where a health and safety representative or union representative has been elected, that person acts as an intermediary in reporting employees' observations and complaints regarding safety and equipment at the workplace, to the employer. Where there is neither a health and safety or union representative at the workplace, then an employee may report his observations to his immediate superior.

8.7.3 Subsequent to observations being made by an employee, the superior shall verify as soon as possible whether the observation is justified or not. Should there be no reaction, the employee can report his observations to the manager or human resources manager (where one has been appointed).

8.7.4 Should it come to light that the employee's observations are justified and have been reported in good faith, the superior shall react as quickly as possible and implement necessary remedies, in the light of good working practices and those obligations that rest on employees pursuant to occupational safety legislation. An employee may request information on progress in a case.

8.7.5 An employer shall ensure that an employee does not suffer in his work as a result of having reported are justified observation on a breach of occupational safety legislation, or on reprehensible conduct related to equipment and safety at the workplace that can impact health and safety of employees.

Protocol on reported observations on safety and equipment.

SA will present guidelines on procedure for employees' reporting of observations regarding safety or facilities in the workplace. This concerns breaches of health and safety legislation or other reprehensible conduct related to working practices or facilities at the workplace that could impact health and safety of employees The guidelines aim to encourage a good workplace and to diminish employees' worries about reporting such observations.

The guidelines are written and the prescribe procedure for receiving, handling and deciding on such observations. Companies are advised to comply with these guidelines and that they are accessible to all employees.

These guidelines will be completed and presented no later than 1 June 2024.

Chapter 9: On payment of salaries in instances of sickness and accident and on accident insurance

9.1 Salary during sickness

Employees shall, during each 12 month period, retain salaries during incidences of accident and sickness leave as specified here:

9.1.1 In the first working year with the same employer two days are paid at the rate he would have been paid, for each worked month.

9.1.2 After one year continuous work with the same employer, one month is paid, at the rate he would have been paid.

9.1.3 After two years' continuous work with the same employer, one month is paid, at the rate he would have been paid and one month at day rate wages.

9.1.4 After three years' continuous work with the same employer, one month is paid at the rate he would have been paid and two months at day rate wages.

9.1.5 After five years' continuous work with the same employer, one month is paid at the rate he would have been paid, one month at full day rate wages (i.e. day rate wages, bonus and shift premium, see article 9.3.2) and two months at day rate wages.

9.1.6 An employee who has accrued 4 months' sickness rights after five years' continuous work with the same employer and who accepts a job within 12 months with another employer, retains two months' sickness rights (one month at the rate he would have been paid and one on day rate wages) given that his/her employment ended with the previous employer in a normal manner and that his/her rights are verified. The employee acquires improved rights after three years' continuous work with the new employer, see Article 9.1.4.

9.1.7 Sickness rights are total rights for each 12 month period, regardless of the type of illness.

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 received no wages for a period of time, then that period is not included in the calculation.

9.2. Accidents at work and occupational diseases

9.2.1 If an employee does not turn up for work as a result of an accident at work or on his/her way directly to or from work, and equally if an employee becomes ill with an occupational disease, then in addition to his/her right to wages during sickness, he shall retain his/her day work wages for three months.

The above specified right is an independent right and does not impair the employee's sickness rights.

Per diem from Iceland Health Insurance for these days is paid to the party paying the wages.

Explanation:
Being unfit for work as a result of an accident can either become evident immediately after the accident or later. Proof and causal relationship are pursuant to general principles.

9.2.2 In the case of a work accident, the employer pays for transporting the injured person to his/her home or to the hospital and also pays normal medical costs while he is on wages, other than that which Social Insurance Administration pays. The injured party provides receipts for outlay costs to the employer and payment shall be made at the same time as wages payments, see article 9.4.

An accident on a direct route to or from work is considered to be a work accident for the purposes of transport or ambulance costs.

9.3. Salary concepts

9.3.1 Substitute wages are based on the wages that the employee would verifiably have received if he had not missed work because of illness or accident, not counting premium payments for specific risk, difficulty or dirty conditions when performing specified jobs, or attendance bonus.

9.3.2 Full daytime wage is a fixed wage for day work with the addition of shift premium or similar premium payments for work based on 8 hours per day or 40 hours a week for full-time work.

9.3.3 Day work wages are fixed wages based on day work (without bonus and any kind of premium payments) for 8 hours per day or 40 hours per week for full-time work.

9.4. Pay-out of sickness pay

9.4.1 Payment of wages in instances of sickness or accident shall be made in the same manner and at the same time as other payments for work, given that a doctor's certificate has been received in a timely manner for wages calculations.

9.4.2 If there is a dispute on the employer's liability for compensation, pursuant to article 9.2 then this should be decided on the basis of whether the state accident Insurance considers there to be a duty to pay compensation for the accident.

9.4.3 Doctor's certificate

An employer can demand a doctor's certificate for an employee's illness.

The employer pays for the doctor's certificate given that the illness is immediately notified to the employer on the first day of illness and that employees are always obliged to submit a doctor's certificate.

9.5 Child illness and time off for unavoidable circumstances

9.5.1 During the first 6 months in work with an employer, a parent is authorised to spend two days for each worked month in tending his/her sick children under 13 years of age, given that no other care is available. After 6 months' work the rights will be 12 days for each 12 month period. A parent retains day work wages and shift premium where appropriate.

With reference to the rules on payments relating to sick children, it is the common understanding of the parties that the word parent also means foster parent or guardian, i.e. the child's ward and who is in loco parentis.

The same applies to children younger than 16 years of age when illness is so serious that it leads to hospitalisation for at least one day.

9.5.2 An employee has the right to time off from work in the event of unavoidable circumstances (force majeure) and family emergencies resulting from illness or accident which 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 9.5.1.

9.6 Maternal/paternal leave prenatal checkup

Act no. 95/2000 covers maternal/paternal leave and parental leave on the same issue.

Pregnant women have the right to necessary absence from work for prenatal check-ups without deductions from their fixed salaries if such check-ups need to take place in working hours.

9.7. Death, accident and disability insurance

9.7.1 Scope

Employers are obliged to guarantee employees that which is covered by this agreement with respect to death, permanent medical disability and/or temporary disability from an accident at work or on a normal route between the workplace and home and also between the workplace and home during meal breaks. If an employee dwells away from his/her home in the course of his/her work, such a dwelling-place is the equivalent of his/her home, and the insurance also covers normal journeys between the home and the dwelling place.

Accident insurance also applies on journeys at home and abroad, where the travel is for the employer.

The insurance shall cover accidents that occur in sports activities, competitions and games, if this has been on behalf of the employer or employee association where participation is expected in such activities as part of an employees' work. In this respect it makes no difference whether the accident happens in or outside normal working hours. Exceptions to this are accidents that happen in boxing, any kind of wrestling, driving sports, hang-gliding, gliding, bungee-jumping, mountain climbing that requires special equipment, abseiling, snorkelling and parachuting.

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.

9.7.2 Coming into force and termination of insurance

The insurance comes into force with respect to the employee when he commences work for the employer (is registered on the payroll) and terminates when his/her employment ends.

9.7.3 Index and indexed compensation

Insurance amounts are according to the consumer price index for indexation, which is in force from 1 February 2024 (608.3 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 insurance amounts on the day of the accident, but they change with the consumer price index for indexation as follows:

Compensation amounts change in direct proportion to changes in the index from the day of the accident until the day of settlement.

9.7.4 Compensation for death

If an accident causes death of an insured party within three years from the date of the accident, the right holder is paid compensation for death, less the amount of disbursed compensation for permanent medical disability resulting from the same accident.

Compensation for death from 1 February 2024 will be:

1. Compensation to the surviving partner shall be ISK 10,762,562.
2. Partner means an individual in marriage, in a registered partnership or civil partnership with the deceased.
3. For each minor child that was in the custody of the deceased for which the deceased paid child support pursuant to the Act in respect of children no. 76/2003, compensation shall be the amount equal to the total amount of child maintenance support up to the age of 18, pursuant to legislation on public insurance in each instance, that the child would have had the right to because of the death. This is a lump sum compensation. When calculating compensation, the child maintenance rate on the day of death shall be used. Compensation to each child shall go never be less than ISK 4,305,025 Compensation to children shall be paid out to the party who has custody after the death of the insured person. Young people in the age range 18 to 22, who had the same legal abode as the deceased, and who were verifiably dependent on the deceased shall have compensation of ISK 1,076,256. If the deceased was the only person supporting a child or young person, the compensation increases by 100%.
4. If the deceased person had verifiably supported a parent or parents, 67 years or older, the surviving parent or parents will jointly receive compensation to the amount of ISK 1,076,256.
5. If the deceased did not have a partner pursuant to item 1, compensation for death of ISK 1,076,256 will be paid to the estate of the deceased.

9.7.5 Compensation for permanent disability

Compensation for permanent disability is paid in proportion to the medical consequences of the accident. Permanent disability should be assessed on a points scale, according to a table on level of suffering, which is published by the committee on disability and the assessment shall be based on the health of the injured party as it is when stable.

The total value of disability compensation is ISK 24,538,641. Compensation for permanent disability shall be calculated such that for each disability point 1-25 a payment of ISK 245,386 is made; for each disability point from 26-50 ISK 490,773 is paid; for each disability point 50-100, ISK 981,546 is paid. Compensation for 100% permanent disability is therefore ISK 67,481,263.

Disability compensation shall furthermore take into account the age of the injured party on the date of the accident such that compensation decreases by 2% for each year of age after 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 greater impairment than 90%.

9.7.6 Compensation for temporary disability

If an accident causes temporary disability, the insurance shall pay per diem in proportion to the loss of ability to work, four 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 no longer than for 37 weeks.

Per diem for temporary disability is ISK 53,813 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 bargaining agreement or employment contract and then subsequently to the employee.

9.7.7 Insurance obligation

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

In other respects than specified in this chapter of the agreement, the provisions of the Act on Insurance Contracts no. 30/2004 apply.

Protocol on unfitness to work due to illness

The parties agree that, in addition to incidences of illness and accident, sickness rights pursuant to this agreement are activated if an employee needs an urgent and necessary medical procedure to mitigate or remove the consequences of an illness which is foreseeably leading to unfitness to work.

The above definition does not however constitute a change in the sickness concept of labour law as it has been interpreted by the courts. The parties agree that medical procedures that an employee must have to remedy consequences of an accident at work also lead to sickness rights pursuant to this agreement being activated.

Protocol on doctor’s certificate

The parties to the agreement will direct a request to the Minister of Health that he support changes to the rules on doctors’ certificates. A demand will be made for a special doctor’s certificate in the case of long-term absence. If an employee has been unfit for work because of illness or accident for four continuous weeks, a position should be taken in the doctor’s certificate as to whether work rehabilitation is necessary to achieve or accelerate recovery. [2008]

Chapter 10: On workwear

10.1. Workwear

10.1.1 Employees shall always be clean and neatly dressed. If requested, they shall wear special workwear, specific colours or types of clothing and the employer shall provide them with this clothing as required and at no cost. It shall be the property of the employer and only used at work.

At workplaces where a requirement is made for special workwear, it is unauthorised to discriminate between employees on the basis of gender.

10.1.2 General workwear

Where necessary the employer shall provide employees with smocks, aprons and gloves as required.

10.1.3 Maintenance and cleaning

The employer shall be responsible for repairs and cleaning of the work where he provides and which is his property.

10.1.4 Door supervisors/ Nightwatchmen

Door supervisors shall be provided with uniforms which are owned by the company is responsible for cleaning and maintenance is necessary. door supervisors working outdoors shall be provided with protective clothing, as appropriate with respect to weather.

If a night watchman is required to be in uniform, then this shall be provided in the same manner.

10.2. Damage to clothing and items

10.2.1 If an employee verifiably suffers damage to normal and necessary clothing and items when performing his/her work, such as to watches and glasses etc., then this shall be recompensed according to an evaluation.

10.2.2 The same applies if an employee suffers damage to clothes from chemical substances, including dust stabilising substances (calcium chloride).

10.2.3 If employees suffer damage (loss of protective clothing etc.) as a result of a fire at the workplace, then this shall be recompensed according to an evaluation.

Chapter 11: On contributions for sickness, holiday, vocational education, pension and work rehabilitation funds.

11.1 Sickness fund

Employers shall pay into a sickness fund of the union in question to the amount of 1% of wages paid to the workers, to cover sickness and hospital costs.

11.2. Holiday home fund

11.2.1 Employers pay the equivalent of 0.25% of the same amount to the relevant trade union holiday home fund.

11.2.2 Unions are authorised to come to an agreement with boards of pension funds on the collection sickness and holiday home fund fees concurrently with pension fund contributions.

11.3 Vocational education fund

Employers pay 0.3% into the appropriate vocational training fund; Landsmennt - Vocational education fund of SA and workers in the countryside and Starfsafl – Vocational education fund of SA and Flóabandalagið.

In other respects, reference is made to the agreement on issues relating to vocational education.

11.4 Pension fund

11.4.1 The agreement between the negotiating committees of ASÍ and SA on pension funds, dated 19 May 1969, as amended, shall apply between the parties, as appropriate, as is also the case with the agreement between ASÍ and SA on pension fund issues from 12 December 1995.

11.4.2 An employee pays 4% contribution to a pension fund on all wages and the employee in the same manner pays 11.5%.

11.4.3 Additional voluntary contributions to pension fund savings

11.4.3.1 If an employee pays at least 2% additional contribution to a pension fund (shared or personal), the employer’s contribution shall be 2%.

11.5 Work rehabilitation fund

11.5.1 Employees pay a contribution to Virk - Work rehabilitation fund, pursuant to Act no. 60/2012.

Chapter 12: On union dues

12.1 Union fees

Employees undertake to collect union fees for the appropriate main and subsidiary unions in accordance with the rules of the union, whether this is a percentage of wages or a fixed charge. These fees are delivered on a monthly basis to the unions and the final payment day is the last working day of the subsequent month. It is authorised to deliver union fees at the same time as pension fund contributions.

Chapter 13: On notice of termination and reappointment

13.1 Notice of termination

During the first two weeks in work there is no notice of termination.

After two weeks continuous work with the same employer: 12 calendar days.

After 3 months continuous work with the same employer: One month as of the end of the month.

After 2 continuous years' work with the same employer: 2 months as of the end of the month

After 3 years continuous work with the same employer: 3 months as of the end of the month

Notice of termination is reciprocal.

The provisions of article 13.1 fully replace the provisions of article 1 of Act no. 19/1979 on notice of termination.

13.2. The process of termination

13.2.1 General on termination

Notice of termination is reciprocal. All terminations shall be in writing and made in the same language as the employment contract of the employee.[3]

13.2.2 Interview on reasons for layoff

An employee has a right to an interview about the ending of his/her employment and the reasons for layoff. A request for such an interview shall be made within four working days of receipt of announcement of layoff and the interview shall take place within four days from that point in time.

An employee can request at the end of an interview or within four days that the reasons for his/her layoff are explained in writing. If the employer accepts this request of the employee, it shall be met within four days from that point in time.

If the employer does not accept the employee's request for written explanations, then the employee has the right within four days to another meeting with the employer on the reasons for the layoff in the presence of his/her union representative or other representative of his/her union if the employee so requests.

[3] See further the agreement on mass layoffs in Article 13.6.

13.2.3 Limitation of authority to terminate employment pursuant to the law

When terminating employment, the provisions of the law that limit an employer's freedom to terminate must be employer, among other things provisions on union representatives and workers' safety representatives, on pregnant women and on parents in maternal/paternal leave, on employees who have notified maternal/paternal leave or parental leave and on employees who bear 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 layoff.

When an employee enjoys protection from layoff pursuant to the law, the employer must provide arguments in writing that support the reasons behind the layoff.

13.2.4 Penalties

Breaches of the provisions of this chapter can bring liability for compensation pursuant to the general principles of tort.

13.2.5 If an employee has been employed for a specific job is moved to a new job where a lower rate is paid than the one for which he was employed, he shall retain his/her prior pay rate for the period prescribed in his/her notice of layoff, unless he was notified of the move with that same length of notice. This does not apply to jobs paid with varying hourly rates and where men are moved between jobs according to customs at the workplace and to the nature of the work.

13.3 End of employment

If an employee is dismissed, after at least 10 years continuous work with the same company, the dismissal notice is four months if the employee has reached the age of 55, 5 months if he has reached the age of 60 and 6 months when he has reached the age of 63. An employee can, on the other hand resign from his/her job with three months' notice.

13.4 Accrued rights

'Accrued rights' pursuant to article 13.4 refers to all rights related to length of service with the same employer pursuant to this collective agreement, among other things for holiday pay, sickness rights and notice of termination.

13.4.1 Accrued rights of employees shall be retained on reappointment within one year. In the same manner, accrued rights will come into force again after one month's work if the reappointment is after more than one year, but within three years.

13.4.2 An employee who has worked continuously for one year or longer, with the same employee shall, in the same manner enjoy accrued rights again after three months' work if the reappointment takes place after a three year break from the work but within five years.

Accrued rights are also retained in change of ownership of companies pursuant to the law on the legal position of employees on change of ownership of companies.

13.4.3 Accrued rights for work abroad

Foreign workers in this country and Icelanders that have worked abroad bring their accrued working experience for the purpose of rights according to the collective bargaining agreement that are related to the time worked in an industry, given that the job abroad is considered comparable.

When appointed, employees shall provide proof of their work experience with a statement from a prior employer or in another equally verifiable manner. If an employee, when appointed, cannot provide a statement that fulfils the conditions pursuant to paragraphs 3 and 4, he is authorised to submit a new statement within three months from his/her appointment. Accrued rights then come into force from and including the following end of month. The employer shall confirm receipt of the statement.

The statement from the former employer shall among other things specify:

- Name and personal identity of the employee in question.
- Name and identity of the company issuing the confirmation, along with telephone, email address and the name of the party responsible for issuing the statement.
- Description of the work done by the person in question.
- When the person in question started work at the company in question, when his/her employment ended, and whether there was any break, and if so when, in the work of the person in question.

The statement should be in English or translated to Icelandic by an accredited translator.

13.5 Maternal/paternal leave

According to laws on maternal/paternal and parental leave no. 95/2000, 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 bargaining agreement, length of service-related pay rises, sickness rights and layoff notice. The same applies if a woman for safety reasons needs to take leave during pregnancy, see regulation on measures to increase health and safety at the workplace for women who are pregnant, have recently given birth to a child or who are breastfeeding.

Maternity/paternity leave is considered to be worked time when calculating holiday rights, i.e. the right to take time off, but not holiday pay.

13.6 Agreement on mass layoff

The parties to the agreement agree that it is desirable that layoff is only directed at those employees whose employment is intended to be ended and not at all employees or a group of employees. With this in mind, the parties have made the following agreement:

13.6.1 Scope

This agreement only covers mass layoffs of permanent employees when the number of employees to be laid off over a thirty day period is:

At least 10 persons in a company with 16-100 employees;

At least 10% of employees in companies with 100-300 employees;

At least 30 persons in a company with 300 or more employees;

It is not deemed a mass layoff when employees are laid off pursuant to employment contracts that are made for a specific period of time or for specific projects. This agreement does not apply to layoff of individual employees, to layoff related to amendments to terms of employment without termination of employment in mind, nor to layoff of crews of ships.

13.6.2 Consultation

If an employer is considering mass layoff then prior to the layoff, there shall be consultation with representatives of the unions in question in order to find ways to avoid the layoff to the extent possible, and to mitigate their consequences. Where there are no union representatives on-site, there shall be consultation with a spokesman for the employees.

Union representatives shall then have the right to receive information that is significant with respect to the planned layoff, particularly the reasons for the layoff, the number of employees that it is planned to dismiss and when the layoff will take place.

13.6.3 Implementation of mass layoff

If in the opinion of the employer, mass layoff cannot be avoided, even though the intention is to re-employ a number of the employees without their employment being terminated, the practice shall be that the decision on which employees will be offered re-employment is established as quickly as possible.

If the decision on re-employment has not been made and an employee is notified that he cannot be re-employed in a timely manner such that at least two thirds of the employee's layoff notice remain; his/her layoff notice is lengthened by one month if the layoff notice is three months; by three weeks if the layoff notice is two months and by two weeks if the layoff notice is one month.

This provision applies to employees that have accrued at least one month's notice of termination.

Despite the provisions of this article, it is authorised in the event of external events outside the control of the employer, to make the notification of re- employment conditional because the employer can continue the operations that the employee is employed for, without this leading to a lengthening of notice of termination.

Mass layoffs are in other respects covered by the provisions of mass layoff legislation at any given time.

Chapter 14: On union representatives

14.1. Election of union representatives

Workers are authorised to elect one union representative at each work location where 5-50 workers are employed and two union representatives if the workers are more than 50. Workplace in this connection is deemed to be any company where a group of people work together. On completion of the election, the union in question nominates the union representatives. Where is not possible to have an election, the union representatives shall be nominated by the union in question.

It is authorised to elect three representatives within a company if the number of members is greater than 120 at the same workplace.

When company places of work are more than one, or where employees generally report for work at other places of work than the headquarters of the employer in question, a union representative shall be afforded flexibility to perform his union representative duties at all places of work, or more union representatives shall be elected to perform these duties.

Representatives will not be elected or nominated for more than two years in each instance.

14.2. Work of union representatives

In consultation with the foreman, union representatives at the workplace are authorised to spend the time necessary to complete tasks assigned to them by workers at the workplace in question and/or by the trade union in question, in connection with their work as union representatives and their wages shall not be impaired for this reason.

If the work of a representative is such that he is unable to conduct his duties as a representative during regular working hours, then at the request of a representative, an agreement shall be made between him and the employer on the minimum time that the representative has available to conduct these duties. In the agreement, account shall be taken of the number of employees that the representative represents, the general scope of his duties, distribution of workplaces, shift schedules and other relevant elements.

14.3 Documentation to which union representatives have access

A union representative or, spokesman for union shall be authorised to scrutinise relevant documents and worksheets in connection with the dispute in question. Such information shall be treated as confidential.

14.4 Facilities for union representatives

Representatives at the workplace shall have access to lockable storage or equivalent and access to a telephone in consultation with the foreman.

14.5 Meetings at the workplace

The union representative at each company shall be authorised to call a meeting with workers twice a year at the workplace during working hours. The meeting commences one hour before the end of day work to the extent that this is possible. The meeting shall be called in consultation with the union in question and with the company management with three days' notice, unless the subject of the meeting is very urgent and in direct connection with the problem at the workplace. Then one day's notice is sufficient. Employees' salaries are not impaired in connection with this, for the first hour of the meeting.

At workplaces where a representative has not been nominated, the union representative is authorised to call a meeting of employees in the workplace, having received the permission of company management. Efforts shall be made to hold the meeting at a time that causes no disruption to company operations. For this reason, the agreement of the manager for the time and place of the meeting shall have been obtained before the meeting is called.

14.6 Representatives' complaints

The union representative shall pass on workers' complaints to the foreman or to other company managers before referring to other parties.

14.7 Courses for union representatives

Representatives at workplace shall be given the opportunity to attend courses that aim to increase their competence in work. Each union representative has the right to attend one or more courses organised by unions and that is intended to enable union representatives to deal more effectively with their work, a total of one week per annum. Those who attend a course shall retain day work income and shift premium for up to one week per annum. In companies with more than 15 employees, union representatives shall retain their day work income and shift premium for up to two weeks in the first year. This applies for one union representative per annum in each company where there are 5-50 employees and two union representatives where there are more than 50 employees.

If union representative course is organised such that a representative's absence from work is no more than one day per week, then the representatives shall retain daywork income and shift premium for up to ten working days per year.

If a representative attends a course for a whole day, he will not be required to do conduct working duties on that day.

14.8 Rights of union representatives to attend meetings

When collective bargaining negotiations are in progress, members of unions affiliated to SGS, that have been elected to negotiation committees, are authorised to attend the meetings during working hours. The same applies to union representatives at annual meetings of ASÍ/SGS and union representatives at joint committees of ASÍ/SGS and SA. Care should be taken that absences of employees cause minimum disturbance to the operations of the companies they work for and such an employee shall consult with his/her superior on absences with as much notice as possible. The general principle shall be that there should not be more than 1-2 employees from each company. It is not obligatory to pay wages for the hours when the employee is absent.

14.9 Union rights

This agreement on union representatives at workplaces does not impair the rights of those unions that already have rights in their agreements that are greater than those decided here with respect to union representatives of workplaces.

14.10 Consultation in companies

In Act no. 151/2006 on information and consultation in companies, the employer's obligation for informing and consulting with employee representatives is prescribed. The duty for consultation applies where more than 50 employees on average are working, see more detailed agreement between SA and ASÍ on information and consultation in companies. The Act assumes that the union representative is the representative of the employees.

Chapter 15: course

15.1 Courses

15.1.1 If employees attend courses at the request of the employer, then the employer pays the course fee and fixed wages if the courses attended during working hours. If the course is held outside working hours, they work rate is paid for the equivalent number of course hours.

15.1.2 Employees can spend up to 4 day work hours per annum attending courses that qualify for grants from Landmennt, without impairment of day work pay, given that at least half of the total course hours are attended in the employees' own time. Times for attending courses shall be chosen with company operations in mind.

15.1.3 The parties to the agreement appoint three members each to a committee which has the task of organising and implementing vocational courses for the benefit of this industrial sector. The committee will seek cooperation with the Training Service Centre (FA/ETSC) and with other educational institutions, institutions and ministries, as appropriate and desirable in each instance. The committee sets its own rules of procedure.

Chapter 16: SGS agreement for petrol stations

Does not apply for VSFK and Hlíf

16.1 Scope

The provisions of this Chapter apply to service and snack bars (greiðasölustaðir) that sell petrol and other services covered by the collective agreement.

16.2. Wages

Monthly pay with shift work charges and food allowance is according to the following wage category ranking:

Wage Category 6:

Workers in outdoor work and petrol station attendants.

	1.2. 2024	1.1. 2025	1.1. 2026	1.1. 2027
Starting pay 18 years	430.941	454.967	478.993	503.020
E. 1 year in industry	435.250	459.517	483.783	508.050
E. 3 years in industry	441.779	466.410	491.040	515.671
E. 5 years in company	450.615	475.738	500.861	525.984

Wage Category 7:

Workers who serve customers at petrol stations and other work at service and snack bars (greiðasölustaðir).

	1.2. 2024	1.1. 2025	1.1. 2026	1.1. 2027
Starting pay 18 years	433.440	457.606	481.771	505.938
E. 1 year in industry	437.774	462.182	486.589	510.997
E. 3 years in industry	444.341	469.115	493.888	518.662
E. 5 years in company	453.228	478.497	503.766	529.035

Wage Category 9:

Shift managers (cashiers) who are specifically employed to supervise shifts and who also do work according to Pay Rate II.

	1.2. 2024	1.1. 2025	1.1. 2026	1.1. 2027
Starting pay 18 years	438.483	462.930	487.375	511.823
E. 1 year in industry	442.868	467.559	492.249	516.941
E. 3 years in industry	449.511	474.572	499.633	524.695
E. 5 years in company	458.501	484.063	509.626	535.189

16.3. Food and transportation costs

Employees who do not have the option of meals at the workplace pursuant to the definition in Article 4.5 and who work continuous shifts of at least 8 hours, have the right to a payment of ISK 16,798 (from 1 February 2024) per month, which is the share of the employer in meal costs.

With respect to Article 4.5.1, the current arrangement at the workplace in question applies.

16.4 On workwear

If employees are required to wear special workwear in their work, they shall be provided with this and the cleaning of this workwear at no cost. Employees working outside (forecourt workers) at petrol stations shall also be provided with work gloves as needed.

After 6 months' work or at least 900 hours' work, forecourt workers shall receive work shoes suited to conditions at petrol stations. The norm is one pair per annum.

Protocol on transfer in return for wage category increment [2004].

For transfer of payments for refreshment breaks against wage category increment in the collective agreement between SA and SGS for catering, accommodation, service and snack bars (greiðasölustaðir), leisure companies and similar activities.

At those workplaces where the custom has been to pay 5 minutes for every worked hour because of inadequate taking of refreshment breaks, see Articles 3.3 and 4.3 in the separate agreement, these payments will be discontinued against an increment in wage category, being replaced by the following monthly payments for full-time work:

1.2.2024	Forecourt worker	Inside/outside	Shift foreman
Starting wages	11,496	12,700	11,540
After 1 year	11,419	12,749	10,970
After 3 years	10,805	11,915	9,914
after 5 years	9,785	10,972	9,084
after 7 years	7,059	10,488	7,596

For part-time work payment in proportion. This applies equally to staff who were working with their company when the agreement came into force as to those who were hired subsequently. These payments are subject to general increases during the term of the agreement.

Protocol on the petrol station services chapter of the agreement

It is the joint understanding of the parties that wages pursuant to 16.2 include payment for shift changing and for preparation for opening at petrol stations in the morning and for finishing after closing. The understanding is that this time is 15 minutes for each shift and payment for this has been incorporated into pay scales and forms the base for overtime.

Protocol for the Chapter 16 on Petrol service station workers

The provisions of collective agreements for petrol stations vary by location in the country. The parties agree to review the provisions of the collective agreements with the objective of having the same or comparable provisions applying across the country The parties agree that while this work is in progress, the arrangement for premium payments will remain unchanged.

The parties agree to commence this work no later than in September 2024.

Chapter 17: On treatment of disputes

17.1. Dispute

17.1.1 Should a dispute arise between the parties to the agreement, then the party that considers he has been treated unfairly shall submit a complaint to the board of the other party. The boards shall investigate the details of the dispute and resolve it if possible. If the boards of both parties have not come to an agreement on a final solution to the dispute within one week from the time that the complaint was submitted, they are obliged to refer the case to a settlement committee, which is appointed such that each party nominates one member and one deputy while the relevant District Commissioner nominates the third and these three persons then try to settle the disputed issues. The committee shall have completed its work within seven days from the time that the third member was appointed.

17.1.2 Each party to the agreement appoints two representatives to a joint committee to discuss disputes that may arise between employees and employer who are parties to the collective agreement between SGS and SA, see protocol on disputes.

Protocol on disputes

Joint committee on dispute

There is agreement on appointing a joint committee to discuss disputes that may arise between employees and employer who are parties to the collective agreement between SGS and SA. Two representatives from SGS and two from SA/SAF sit on the committee. The committee has the authority to call for documentation and information from the parties in question, as appropriate for clarifying a case and the pleas in law. The committee can request that either or both parties come before the committee to provide information and explanations of the case. The committee shall come to conclusion within two weeks from the time that the case was received by the committee, unless the committee is unanimous that it requires more time to come to a conclusion. Should a party refuse to come before the committee and provide explanations, the party who considers that he has been treated unjustly is authorised to seek the assistance of the courts without further involvement of the committee. The committee shall keep minutes of their proceedings that show the conclusions in individual cases.

Chapter 18: Main objectives and agreement criteria

18.1 Main objectives

The main objective of this agreement is to aim for a reduction in inflation and reduction in interest rates, which are of significant importance for households and companies. The objective of the agreement is furthermore to increase purchasing power for wage earners, to create foreseeability in the economy, to lessen expectations of inflation and to strengthen competitiveness in the Icelandic labour market. This agreement also prescribes a productivity bonus for all wage earners, which is based on measured productivity and a pay rate bonus on collective agreement pay rates.

18.2 Collective agreement criteria

In order to strengthen the underlying criteria and objectives of the agreement, a special wages and criteria committee will operate. The committee shall comprise four representatives nominated by SA and four nominated by the negotiating committees of the unions affiliated to ASI responsible for creating the joint criteria for the agreement.

The objective of the committee is to monitor progress in those elements in the country's economy that can have an impact on the objectives of the agreement; to make a formal evaluation of agreement criteria and as appropriate to agree on reactions to failure to meet criteria, which strengthen agreement criteria and support that it remains in force. A formal assessment of the agreement criteria will take place in September 2025 and September 2026.

<u>In September 2025 a position shall be taken on the following criteria:</u>

a. Criterion is that 12 month inflation in August 2025 does not measure over 4.95%. This criterion on prices will however be considered to have been met if the 6 month inflation figure for the period March-August 2025 is 4.7% or lower on the basis of annual rate.

b. Criterion is that changes in the law promised by and prescribed in a statement from the government dated 7 March 2024, will take place.

<u>In September 2026 a position shall be taken on the following criteria:</u>

Criterion is that 12 month inflation in August 2026 does not measure over 4.7%. This criterion on prices will however be considered to have been met if the 6 month inflation figure for the period March-August 2026 is 4.4% or lower on the basis of annual rate.

Reaction to failure to meet criteria.

The wages and criteria committee shall with its decision on reactions to exceptions from objectives of the agreement, take into account development of economic indices during the term of the agreement. The reaction is intended to have a positive impact on progress towards the objective that parties to the agreement had defined with respect to lower inflation, inflation expectations, reduction in base interest rate, improved standard of living for wage earners and improved profitability in Icelandic economic activity. The committee shall have a comprehensive view of the economic status.

The committee can decide that instead of a pay bonus according this agreement, another equally valuable response can be chosen which is more appropriate to the prevailing circumstances in each instance.

Should agreement not be reached on reactions to failure to meet criteria, then a party to the agreement that wishes that the agreement should not remain in force shall make notification to this respect as follows:

For review in September 2025. Before 16:00 hours on 8 October 2025 and agreement will no longer be in force on 31 October 2025.

For review in September 2026. Before 16:00 hours on 8 October 2026 and agreement will no longer be in force on 31 October 2026.

Pay bonus

If the collective agreement remains in force, then the wages and criteria committee shall in March 2025, 2026 and 2027, prescribe a special pay scale bonus, if the Statistics Iceland wage index for the general labour market shows that wages have increased in excess of the increase in the lowest pay scales. The proportional increase in that index shall be compared to the proportional increase in Category 4 in collective agreements for SGS/Efling for the same period. The pay scale bonus is calculated as full proportion of excess increase of the above specified pay scales, where the minimum pay scales for parties to the agreement increase by that proportion, from and including 1 April each year.

a. In March 2025, account shall be taken of the rates and development of the wage index for the period November 2023-November 2024.
b. In March 2026, account shall be taken of the taken of the rates and development of the wage index for the period November 2024–November 2025.
c. In March 2027, account shall be taken of increases in pay rates and development of the wage index for the period November 2025-November 2026.

If a productivity bonus and pay increase according to this agreement are to be paid at the same time then the minimum pay rate of the agreements shall be subject to whichever bonus is the higher in each instance.

Productivity bonus

If productivity increases more than 2% during the years 2025 and 2026, workers shall receive a share of this additional value in the form of a special productivity bonus, on the fulfilment of certain conditions.

The productivity bonus and payment for this bonus is further elaborated in a document attached to this agreement.

Chapter 19: On the term of agreement

19.1. Term of validity

This agreement is in force from 1 February 2024 until 1 February 2028 and then becomes void without any specific notice of termination.

Protocols and declarations

Protocol New competency-based pay system

Parties agree to appointing a group (two representatives from SA and two from SGS) that meet a minimum of four times per annum to monitor progress of the implementation plan and to assess the status of the project in the regular manner in cooperation with the Training Service Centre.

Implementation plan

Parties agree to increase job profiles in consultation with Training Service Centre, where competence requirements of the job are identified with competence analysis, assessment checklists for jobs, and competence is subsequently endorsed with the issue of competence validation certificates.

Parties agree to make promotional material and guidance for companies and workers about the new competency-based pay system. Parties work together on making promotional material in cooperation with Training Service Centre. [2024]

Protocol on impact of lack of action

If a worker‘s terms of employment, as a whole, are less favourable than minimum terms of employment pursuant to a collective agreement, then his claim for remedy, should it have been made during employment or within 6 months from the termination of employment, shall not become void due to lack of action but rather shall lapse pursuant to general rules. [2024]

Protocol Protocol on special provisions

There is an agreement on special provisions in collective agreements between SA and individual unions affiliated to SGS, to the effect that they remain in force during the period of the collective agreement and are subject to the same changes as have been agreed on in this collective agreement. The parties agree that negotiations should take place during the term of the agreement on review of these provisions where appropriate. [2024]

Accompanying document to Chapter 5.12 on new competency-based pay system

Role	Assists Supports	Supports Implements	Implements Organises own work	Organises own work - Organises own work Coordinates	Coordinates Policy-making Adoption - supervision
Responsibility	Responsibility for simple tasks Requests in all instances, assistance or advice where circumstances change or where unexpected events occur	Responsibility for all work in a limited field Requests assistance or advice where circumstances change or where unexpected events occur Responsibility for well-defined and limited elements of tasks	Responsibility for own work and takes into account progress in projects Manages work in a limited area Uses professional knowledge, procedures and organisation to manage work/projects Reacts to unexpected changes to circumstances and/or working environment	Responsibility for own work and that of others vís á vís third parties Management and organisation of projects - connects tasks together Has the ability and authority to change plans and processes, including financial within certain limits	Responsible for the work of a group within overall structure Manages complex projects and assumes responsibility for assessment and development
Independence	Works subject to management Works according to clear instructions	Works subject to management but with limited independence in defined tasks	Works independently according to plans/procedures Assesses when there is a need to request advice or assistance	Works independently towards open objectives (sees the whole picture) Develops work on the basis of experience and results	Assesses results in the light of objectives Develops solutions and procedures in accordance with needs

Accompanying document - productivity bonus

During the term of the agreement, a bonus can be paid on the basis of development of productivity. If productivity increases beyond the limits in the following table during the term of the agreement, there will be what is called a productivity bonus, on fulfilment of specific conditions.

The first instance of evaluation takes place after end of year 2025. The starting index for productivity is 100 in the year 2023.

Growth of productivity comprises both increased productivity of manpower and technical development based on investment. Is important that a financial incentive remains for investment. Increase in productivity will therefore accrue 70% to wage earners.

Productivity growth 2025 and 2026	Productivity bonus
>2.0%	0.35%
>2.5%	0.70%
>3.0%	1.05%

The wages and criteria committee decides the productivity bonus, should there be reason to pay this. The productivity bonus is a proportion (%) and is paid in addition to wages in the same manner as general percentage increases are treated in the collective agreement. Should unforeseen circumstances arise that have a negative impact on economic activity, the wages and criteria committee may need to take a position on whether or how the bonus will be implemented.

A detailed technical elaboration with examples is part of the collective agreement.

Protocol on interpretation services

In line with the increased number of foreign workers on the Icelandic labour market, the parties to the agreement will cooperate on defining the need for interpretation services and, as appropriate, will prepare instructions for companies on this issue. [2019]

Protocol on protection for those working as representatives for trade unions

Parties to the agreement and agree that employees working as representatives of their trade union through membership of a board, negotiation committee or council of representatives and who communicate with their employer on matters related to their representation, shall not be made to pay a price for their representation work, see Article 4 of the Act on trade unions and industrial disputes no. 80/1938. [2019]

Protocol on renting accommodation in connection with contract of employment

When an employer rents accommodation to an employee in connection with his employment, then the provisions of the Rent Act no. 36/1994, apply to the making and nature of the rental agreement.

A rental agreement pursuant to the Rent Act shall be in writing and shall fulfil the requirements of Chapter II of the Rent act, including with respect to the amount of the rent, whether the agreement is for a definite period of time or indefinite and with regards to service of the premises included in the rent.

In this respect, the objective shall be that employees do not pay higher rent than is customary and that the amount of the rent is fair and normal for both parties. When assessing whether the rent amount is fair and normal, the size, location and state of repair of the property shall among other things be taken into account and also the rent paid according to registered lease agreements in the same district.

The property shall be intended for human habitation and shall fulfil requirements for facilities and health and safety.

If there is an agreement that the employee should not pay rent for the property, then his terms of remuneration should nevertheless not be lower than the minimum terms according to the collective agreement, pursuant to article 1 of Act no. 55/1980.

These provisions apply while the employee is on the payroll of the employer in question. [2019]

Protocol on validation of competence

Parties agree on the importance of the workplace as a place of learning. Foreseeable development and challenges in work in the near future, among other things as a result of the fourth industrial revolution further increases the importance of the above. The economic sector and wage earners must jointly meet these changes and thus secure the country's competitiveness and social stability. The assessment of competence, experience and the informal learning gained by an employee at his place of work is an important vested interest as it strengthens the position of people on the labour market, of professions and trades, companies and the nation as a whole, with respect to level of knowledge and progress.

Purposeful development and structure of validation of competence are fundamental prerequisites for the achievement of these objectives and the parties to the agreement agree on placing strong emphasis on the development of validation of competence during the term of the agreement. This applies to validation of competence with respect to jobs and validation of competence with respect to studies in the formal educational system.

Assessment of competence can be a catalyst for people on the labour market, in a variety of sectors, for them to develop in their jobs and to complete formal education and to strengthen their true competence even further [2019],

Protocol on pay systems

Parties to the agreement aim to introduce a new pay system as part of the collective agreement. The main objective is for decisions on pay rates within companies being logical and flexible. The pay system will be an option for authorised exception, according to Chapter 5 of the collective agreement, to be elaborated at the place of work. The provisions of Chapter 5 apply entirely to the adoption of a new pay system in companies. The trade unions in question or trade unions if more than one union is a party to the agreement, shall make sure that the agreed exceptions and remuneration for these exceptions, when examined as a whole, comply with the provisions of the law and of collective agreements on minimum terms of employment, see the provisions to this effect in Chapter 5.

1. **Basis**

It is the joint understanding of the parties to the agreement that efficiently run companies are a prerequisite for good terms of employment for staff and for moderate working hours. Continuous improvements that contribute to increased productivity and efficiency ensure the operations and competitiveness of companies. One factor in competitiveness is that the company remuneration policy is linked to measurable results in a pay system developed in cooperation with parties to the collective agreement.

2. Objective

The objective of a new pay system is to categorise jobs in an objective manner, to increase factors that are taken into consideration when deciding remuneration for jobs, to elaborate clear criteria for remuneration and for the development in wages for individual employees. With a new pay system, both employees and employers have a powerful tool at their disposal, which supports increased education, development in work, transparency and job satisfaction. At the same time there will be clearer incentives for employees to develop in their jobs.

Successful development and the introduction of a new pay system can support increased vocational education, professional development and transparency in the wage structure. This entails a need to define in a structured manner how evaluation of jobs, roles, competence, responsibility and performance create a basis for decisions on remuneration and for increased gains for employees and companies.

In the Act on equal opportunities for men and women no. 10/2008, requirements are made for companies with 25 employees or more for a pay system and decisions on remuneration based on objective and transparent criteria. According to law, companies must adopt an equal opportunities standard during the period 2019-2022 and a new pay system will facilitate this adoption. It is desirable that smaller companies base their pay systems on analogous criteria.

3. The task

The task entails development of a simple and accessible pay system based on few but clear factors that can be adopted by companies of all sizes and types. The pay system must reflect the varying needs of companies so that it can be grounded on appropriate criteria. The pay system does thus not constitute a final definition of criteria or of the weighting of individual factors but rather is a framework that can be jointly developed by employees and managers and adapted to the needs of each workplace, in line with the authority vested in the collective agreement.

The new pay system is intended to support and echo other development on the labour market and in connection with the education system. This applies among other things to evaluation of competence with respect to specific jobs and to the adoption of equal pay accreditation. This the Icelandic qualifications framework will be taking into consideration in development of the system and in the work on defining criteria. The point of departure is to create a basis for remuneration policy that relates to the nature of the job and the competence of the employee, regardless of the job title, which will not be a part of the system.

The system is based on five main elements are within each of them there are more specific criteria. The elements are both job related and related to the individuals. On the basis of the factors and the criteria within them, a basis for remuneration policy is created and for the factors and criteria within each factor. The categories and examples of possible steps in each category are:

Job-related factors

- Role Criteria in this element are for example, the nature of the job and position in the workplace, job management, supervision of training and reception of new employees.
- Responsibility Responsibility for projects, people, machines, equipment etc.
- Independence Requirement for independence in work, which can be related to the job as a whole or to specific aspects of the job.

Factors related to the individual

- Experience and knowledge Additional knowledge, experience and training that can be used in the job. General competence factors, such as communication skills, initiative and flexibility.
- General competence factors Communication skills, initiative, flexibility, etc.

4. Implementation plan

After this collective agreement comes into force, the parties to the agreement will begin to work jointly on development of new wages system.

The parties to the agreement shall appoint a working group, which will comprise three representatives from the unions i.e. one from each of the following: SGS, VR and from tradesmen's unions on the one hand and three representatives from SA Confederation of Icelandic Enterprise. The working group is responsible for the project being implemented and completed in the specified time. This among other things constitutes authority to temporarily appoint a specialist.

The work involves elaboration of factors and criteria which form the new pay system, keeping in mind the structure presented here above. This involves, among other things, a more precise list of criteria and their direct connection with remuneration policy.

When work on development of the wages system is completed, the second phase commences, which is preparation of promotional material and dissemination [2019].

Protocol on implementation of agreement

Tourism in Iceland is developing rapidly, and there has been a substantial increase in the number of employees working under the tourism agreement and the number of employers who hire employees to work and we need to implement this agreement. There are some instances of the agreement not being properly implemented, in most cases where the employer and employees do not know its provisions well enough.

Parties to the agreement will therefore subsequent to the signing of this agreement, work jointly in acquainting employees and employers with the main provisions of the agreement, with the objective of ensuring its proper implementation. Particular attention will be paid to wages, weighted payments, deductions from wages and arrangement of working hours. Attention shall be drawn to the provisions on the start and ending of shifts and the payment of wages for work outside the specified working time, according to the shift schedule.

The parties to the agreement furthermore agree on the importance of completing written confirmation of hiring before the first settlement of wages, so that the employee understands his terms of employment, whether he is working according to provisions on shift work or hourly rate. [2015]

Protocol on flexible retirement

The parties to the agreement agree on the importance of employees having the option of some kind of flexibility when it comes to retirement. The needs and circumstances of people in the labour market vary, and with increasing lifespan and improved health, it is common that people retain full working capacity and the will to participate in the labour market long past retirement age. Flexible retirement can mean working less during the last years of the working life and it can also mean permission to continue working past retirement age for those who have full working capacity and the wish to continue as active participants in the labour market. It is important to take into account the circumstances of each and every person.

Flexible retirement has been discussed in the committee which has the role of reviewing the Social Security Act, and to which representatives from the labour market are party. The committee agrees that the legislation should support increased individual flexibility and has among other things discussed the increase of retirement age to 70 in stages, and to authorise the postponement of taking pensions until 80 years of age, instead of 72 as it is today, against an increase in the monthly pension of the person in question.

During the last the decades, life expectancy has increased and average age has increased across the world. An increasing number of people live longer and are healthier in their senior years. This development calls for a reassessment of retirement age. Most neighbouring countries have increased retirement age for this reason. [2015]

The value of work for physical and mental well-being is undisputed and understanding of this is increasing. Work input from older employees is important and is on the increase, with a drop in natural increase of employees in the labour market because of changed age distribution. [2015]

Protocol On evaluation of education for wages

The parties to the agreement will work on evaluating learning/real competence for determining wages, in two steps on the basis of analysing competence requirements for jobs. A plan shall be made for analysing jobs with the involvement of both parties and in cooperation with the Training Service Centre (FA/ETSC), where competence elements of a job are listed in the curriculum.

A committee of parties to the agreement, three from ASÍ and three from SA will commence work no later than autumn 2015. Work will continue on the basis of proposals that the parties to the agreement developed in the run-up to the collective agreements. The objective is for the course and the real competence assessment to be started on the basis of this work in the autumn of 2016.

The manner in which payment shall be made for assessed competence for a specific job, shall be decided by 1 October 2016. [2015]

Protocol on continuous work and accrued rights

“Continuous work” in the understanding of the collective agreements means that an employee has been in a continuous employment relationship, regardless of whether he has temporarily been removed from the payroll. A period without wages is not however considered to be part of the length of service for the purpose of gaining rights, unless provisions of law or of the collective agreement say otherwise, see e.g. statutory maternal/paternal leave. [2015]

Protocol on damage to teeth in a work-related accident

The parties will jointly request insurance companies to change the insurance conditions for employer accident insurance, such that necessary costs for a broken tooth resulting from an accident at work that are more than cost participation pursuant to the Social Security Act, will be compensated. Reservations are in other respects, pursuant to the Social Security Act and to the conditions of insurance companies. [2015]

Protocol on review of holiday pay legislation

During the term of the agreement, the parties will jointly request from government that the law with respect to holidays be reviewed with the objective of prescribing more clearly the rights and obligations of parties. [2015]

Protocol on door supervisors and security officers

The Federation of General and Special Workers in Iceland and Icelandic Travel Industry Association (SAF) agree to assure optimum safety for door supervisors and security officers in their work. The SGS and FA report on issues related to door supervisors and security officers will be taken into account and the opportunity presented by the forming of a working group on their issues will be used. There is a particular need to pay close attention to those who work at popular clubs and restaurants that remain open after midnight. Action shall be taken across the country to give door supervisors and security officers the opportunity to attend standardised courses based on the conclusions of the working group on their issues.

SGS and SAF agree to inform and encourage owners of clubs and bars to make a risk analysis where the need for knife proof vests is specifically examined with a view to increasing safety of employees. Such safety clothing will be specifically discussed during recognised courses that door supervisors and security officers are intended to attend pursuant to Regulation no. 1277/2016. [2011]

Protocol on general wages increase

The agreed general wage increase in the collective agreements between unions affiliated to ASÍ and SA means a minimum increase of the regular wages that an employee enjoys on that day when the increase pursuant to the collective agreement is to be implemented, regardless of the wages the employee in question receives.

It is not authorised to reduce or cancel overpayments by not paying general wages increases. Overpayments will therefore only be reduced or cancelled when complying with the provisions of the employment contract. This provision however, does not prevent a company being able to use decisions on wages to expedite increases with specific decisions - thus in a predictable and pre-decided manner, taking into account non-implemented general increases during the following 12 months. It should be made clear to the employee in a verifiable manner that this is an acceleration of a general increase in wages pursuant to the collective agreement. [2011]

Protocol on matters relating to sickness and rehabilitation

Parties to the agreement are determined to review development of preventative health service and occupational safety.

The objective is to support predictable reactions to illness, such that an employee who falls ill is offered appropriate remedies as soon as possible. This constitutes among other things, increased flexibility on the labour market to ensure that individuals who fall ill or are injured and who are in active vocational rehabilitation, have the opportunity to return in a manner consistent with their ability to work at any given time.

It is clear that this objective will only be achieved if there is reciprocal trust between employers and employees about the way in which to notify illness, about the return of an employee after illness and about preventative health service in companies etc.

Parties to the agreement participate in a steering group under the auspices of VIRK which is working towards the objectives named here above.

Special attention will be paid to a development project which is being launched by VIRK on preventative measures and work rehabilitation. The parties to the agreement will use the experience and knowledge created in this project in their own work.

The parties to the agreement will support the people running this project and will provide advice on matters of opinion that arise in the project that relate to legal and collective bargaining rights and obligations on the labour market. [2011]

Protocol on notification to consultant physician/ occupational safety service company

The parties to the agreement consider that development of preventative health service and occupational safety are important for the labour market. It is important that development of service in this field is channelled in the right direction so that it can return results for employees and company.

The parties to the agreement will appoint a discussion committee which is intended to reach an agreement on a more detailed arrangement for notifying illnesses to the consultant physician/occupational safety service company.

In its work, the discussion committee shall among other things discuss the following issues:

- The conditions that the consultant physician/occupational safety service company must fulfil.
- The arrangements for employees to notify the occupational safety service company about absence because of illness or accident, if the employer wishes to adopt such arrangements, where such notification would all things being equal, replace the extension of a doctor's certificate.
- Obligation for confidentiality and treatment of personal identifiable data which the consultant physician/service company gains in its operations. This refers to collection, treatment of, preserving and deletion of such information.
- How the operations of consultant physician/service company can benefit occupational safety work in companies.

In its work, the discussion committee will cooperate with the Data Protection Authority, the Directorate of Health, the Administration of Occupational Safety and Health and with stakeholders.

The discussion committee shall complete its work, no later than 30 November 2008.

The ASÍ and SA negotiating committees shall take a position on proposals from the discussion committee no later than on 15 December 2008.

If the parties to the agreement come to a joint conclusion, their agreement shall be considered part of the collective agreement of the affiliated unions and will come into force on 1 January 2009.

While the above work is in progress, the parties to the agreement make no objections to operations of occupational safety service companies that have received recognition from the Administration of Occupational Safety and Health as an occupational safety service company and nor to the employees' duty to notify them. [2008]

Article 21 of Regulation no. 1277/2016

Competence of door supervisors.

No one may work as a door supervisor without an endorsement from the Chief of Police

door supervisors shall fulfil the following general conditions:

a. Be at least 20 years old
b. Have not been found guilty of offences related to violence or narcotics. Provide a criminal record certificate as confirmation. Foreign nationals shall provide a criminal record certificate from their home country.

The Chief of Police shall, in other respects, decide who is considered competent to be a door supervisor.

The National Commissioner of the Icelandic Police is authorised to prescribe that no one shall work as a door supervisor without having completed a recognised course for door supervisors. The National Commissioner of the Icelandic Police can set more detailed rules on the content of such courses and can prescribe in more detail the competence conditions for door supervisors.

Winter time off for shift workers

General

Full-time employees that work regular shifts, earn 12 winter days off per annum for contractual public holidays and special days that fall on Mondays to Fridays in the working week. Winter days off are not given for public holidays that fall on Saturdays or Sundays or if the place of work is closed on a holiday.

On what is the right to winter days off based?

The right of shift workers to winter days off is based on the equating the working year of shift workers with that of day workers who complete their working week during the day work from Monday to Friday. Permanently employed day workers have days off on contractual holidays that fall on working days (Mondays to Fridays) they receive full day work pay. For example, let us say that Thursday is a holiday. A day worker works four days of that week, i.e. 32 hours, and is paid for 40 hours day work. Shift workers provide an average of 40 hours per week on shifts and the shift schedule is not changed when there is a contractual holiday in a given week. This means that shift workers provide 40 hours on shifts that week, regardless of holidays. In order to level this position with respect to the workers, the shift workers gain a winter day off for each holiday that falls within the working week of day workers. Instead of getting a day off immediately on contractual holidays, the days off are accrued and are provided together as winter days off.

Which holidays create a right to winter days off?

When holidays pursuant to Articles 2.3.1 and 2.3.2 in the collective agreement for all during the period Monday to Friday, they create the right to winter days off. When they fall on weekends, Saturdays and Sundays, they neither create rights for the workers or shift workers.

If there are no operations on a holiday

If a place of work is closed on a contractual holiday, which falls during the period, Monday to Friday, or if a holiday is given on that day, then the corresponding number is subtracted from the winter days off, except for those who have accrued shift days off. This means that if a workplace is closed e.g. on 17 June then the winter days off that those employees who would have worked on that day, are reduced by one. The same applies if an employee takes a day off on a holiday when he should have been working according to the shift schedule. If an employee is using an accrued shift day off on a day when the workplace is closed, he does not lose his right to the winter day off, as he has provided a full working week.

The right to taking winter days off is not only decided by work on holidays, but also on whether the employee has provided a full working week (40 hours) in the week when the holiday occurred between Monday to Friday. For this reason the employee accrues the right to a winter day off, even though he was taking a shift day off on the holiday, if he has fulfilled his total working duty during that week.

Period for earning and taking of winter days off

Winter days off shall be given during the period 1 October until May Day. Winter days off are earned during the period 1 October to 30 September. A common misunderstanding is that one winter day off is accrued for each worked month. This may have its roots in the fact that agreed winter days off are 12 and there are 12 months in year. The correct calculation is that winter days off around on the basis of the number of holidays in each employee's working month.

If an employee works for part of the year, a calendar shall be used to count his accrued winter days off for the period that he worked. An example of an employee who started work in June 2004 and works until the end of August. In June, there is one holiday that falls on a working day and one in August. He therefore earns the right to be paid 16 hours in day work at the end of this period of employment if he has not had days off on day work wages for two working days before his employment ended.

As a matter of interest, it should be stated that if holidays that fall during Mondays to Fridays are counted using the calendar, they range from 9 to 13 per year. According to calculations made for a 400 year period, holidays that fall during the period Monday to Friday average 11.21 but in the collective agreement it was decided to use the number 12.

Payments on winter days off

Winter days off are paid at day work rate. In this way, shift workers receive the same payment as they workers for the contractual holidays that fall during the period Monday to Friday. Those who work shifts on these days receive however, a higher shift premium for worked shifts on holidays than on working days. An employee working full-time all year who earns 12 winter days off, receives 8 hours at day rate for each earned day. This is therefore a payment of a total of 96 hours at day rate. If employees are on 12 hour shifts, they earn days off for 8 shifts at day rate (96/12). A premium is not paid when winter days off are taken.

Winter days off paid instead of taken

The main rule is that employees take a winter holiday on pay.

It is authorised, with an agreement between employer and employee, to have a different settlement rule for special holidays/major public holidays for shift workers.

Instead of a winter day off its authorised to pay shift workers 8 hours day work (with reference to full-time work) for each individual holiday/major public holiday which occurs on a week day. Part-time workers are paid according to their percentage work.

The payment role applies both when an employee works on a holiday/major public holiday (on a weekday) and when an employee has an accrued shift time off (on a weekday) and has thus fulfilled his total working duty with reference to his percentage work.

The right to payment does thus not depend on whether the employee works on a special holiday/major public holiday but rather whether he has fulfilled his total working duty in the week in question with reference to his percentage work.

Appendix with agreement on wages in foreign currency - agreement form

The company ehf., ID. xxxxxx-xxxx on the one hand and _____

on the one hand and _____ ID number _____ on the other hand, make this agreement to link part of the wages to the exchange rate of a foreign currency or payment of part of the wages in foreign currency, on the basis of the provisions of the collective agreement_____to this effect.

Link with foreign currency or payment in foreign currency:

- ☐ TLinking part of wages to foreign currency
- ☐ Payment of part of wages in foreign currenc

Currency:

- ☐ EUR
- ☐ USD
- ☐ GBP
- ☐ Other currency, what _____

Part of fixed wages or total wages paid in/linked to foreign currency:

- ☐ Part of fixed wages paid in/linked to foreign currency
- ☐ Part of total wages paid in/linked to foreign currency

Part of wages paid in/linked to foreign currency:

- ☐ 10%
- ☐ 20%
- ☐ 30%
- ☐ 40%
- ☐ Other proportion, what_____

This agreement is made in two copies, and each party shall retain one copy.

Date: _____

P.p. the company _____

Employee _____

[2008]

Protocol on legal status of employees on change of ownership of a company

Parties to the agreement agree that change of ownership of a company cannot change terms of employment, including employees' holiday and sickness rights, unless the contract of employment was terminated prior to the change. Reciprocal provision of notice between the parties does not change with change of ownership of a company.

The parties agree that the prior owner should announce planned changes to operations, or the sale of the company with as much notice as possible.

When a company changes hands, the new owner takes over rights and obligations with respect to employees from the former owner unless specifically agreed otherwise with the former owner. If the new owner considers himself not to be bound by a contract of employment with the former owner, then he should inform the employee of this immediately on taking over company operations. If this is the case, the former owner is obliged to pay employees the period of notice according to the contract of employment or collective bargaining agreement.

Corresponding rules apply to the lease of a company or the sale or lease of a company after bankruptcy as the agreement covers company operations and not solely real estate, machinery and other equipment.

Conversion of holidays to working days

An employee's credit balance in holiday days is equivalent to a specific number of days off on working days (shifts). The following table shows accrued off-duty shifts for four different work arrangements (shift patterns).

Work arrangement

Holiday days credit balance	Work - time off 5/2	Work - time off 1/1	Work - time off 4/2	Work - time off 6/2
1	1	0.7	0.9	1.1
2	2	1.4	1.9	2.1
3	3	2.1	2.8	3.2
4	4	2.8	3.7	4.2
5	5	3.5	4.7	5.3
6	6	4.2	5.6	6.3
7	7	4.9	6.5	7.4
8	8	5.6	7.5	8.4
9	9	6.3	8.4	9.5
10	10	7.0	9.3	10.5
11	11	7.7	10.3	11.6
12	12	8.4	11.2	12.6
13	13	9.1	12.1	13.7
14	14	9.8	13.1	14.7
15	15	10.5	14.0	15.8
16	16	11.2	14.9	16.8
17	17	11.9	15.9	17.9
18	18	12.6	16.8	18.9
19	19	13.3	17.7	20.0
20	20	14.0	18.7	21.0
21	21	14.7	19.6	22.0
22	22	15.4	20.5	23.1
23	23	16.1	21.5	24.2
24	24	16.8	22.4	25.2
25	25	17.5	23.3	26.3
26	26	18.2	24.0	27.3
27	27	18.9	25.2	28.4
28	28	19.6	26.1	29.4
29	29	20.3	27.1	30.5
30	30	21.0	28.0	31.5

Accord on foreign workers in the Icelandic labour market

ASÍ and SA have come to an agreement on the following case procedure in disputes related to foreign workers.

Criteria and joint objectives

The associations agree that Iceland's obligations according to the EEA agreement on free movement of goods, funds, services and persons over borders between the countries have a positive impact on the interests of individuals and companies in this country, with the increased offer of goods and services, dissemination of knowledge between the countries, increased competition between companies, developments in various sections of the community and increase in jobs.

The EEA agreement means that citizens of member states can travel between the countries for the purposes of commerce, without a work permit. Companies registered in these countries also have the right to provide service in other member states with their own staff without any special permit. Citizens of the EFTA states have broadly the same rights pursuant to the EFTA Agreement.

The main rule is that other foreigners (citizens of third countries) cannot be hired for work in this country without a work permit.

The parties to this agreement believe that changes in the composition of the workforce, because of the number of foreign workers on the Icelandic labour market, should not distort the arrangements in force for deciding wages and other terms of employment for workers through collective agreements. The rules in force on the implementation of collective agreements will continue to be acted upon.

It is the shared concern of the parties to ensure that companies that use foreign labour for their production or service, pay wages and have terms of employment in accordance with collective agreements and legislation in this country.

If a collective agreement is not respected, then this undermines the operations of other financial institutions and spoils the grounds for normal competition and detracts from gains for the whole community generated by reliable and healthy economic activity.

The parties agree that the adaptation of foreign labour and foreign companies to the habits and customs on the Icelandic labour market society, is conducive to creating trust and accord in relationships between parties.

The rights of workers to do specific jobs are often subject to conditions in law that the party in question has completed a specific course of study or has gained a specific legal accreditation for him to be able to work in the industry. The EEA agreement prescribes the rights of foreign workers to have their education, vocational qualifications and work experience that they have gained in another EEA state, recognised in this country, according to the laws and rules that here apply.

The main rules on terms of employment for foreigners

With this agreement, ASÍ and SA wish to guarantee the application of the law in force on terms of employment for foreigners on the Icelandic labour market. These rules are found particularly with respect to the following aspects:

Wages and other terms of employment The Act on Working Terms and Pension Rights Insurance no. 55/1980 prescribes that the wages and other terms of employment, on which the associations on the labour market come to an agreement, shall be the minimum terms of employment, regardless of nationality, for all workers in the industry in question in the area covered by the collective agreement.

Employees of foreign service companies, including temporary work agencies. The Act on the legal status of employees working on a temporary basis in Iceland for foreign countries, no. 54/2001[4], prescribes, among other things, that employees shall, while working here, enjoy collective bargaining agreement bound wages, holiday rights and rules regarding facilities, health and safety at the workplace.

Free movement of workers The EEA agreement and the Act on the Free Right to Employment and Residence within the European Economic Area, No. 47/1993 prescribe that it is unauthorised to place at a disadvantage, workers who are citizens of another EEA state than the one in which they work with respect to hiring and work conditions, particularly with regards to wages.

Work permits for citizens of third states Foreign Nationals' Right to Work Act, No. 97/2002 prescribes that work permits grant the right to work in this country pursuant to the laws and regulations that apply on the Icelandic labour market if an employment contract which assures an employee wages and other terms of employment equal to Icelanders is in place, see Act no. 55/1980.

Information on wages and other terms of employment for foreign workers

It is the role of the union representative at the workplace to make sure that collective bargaining agreements in force are respected with respect to employees, see article 9 of the Act 80/1938.

If there is reason to suspect that there is a breach of the collective agreement in question or of the legislation that governs the terms of employment of foreign workers, the union representative has on the basis of this agreement, the right to examine documentation on the wages or other terms of employment of the foreign workers covered by the collective agreement with the employer in question, and as appropriate the vocational rights of those that are working in jobs where such accreditation is required.

If there is no union representative at the workplace, the representative of the relevant union has the same authority as the union representative to examine the documentation and he bears the same obligations.

Information shall normally be provided in such a manner that the union representative is allowed to examine copies of payslips or other documentation that confirm terms of employment of the employees in question. The union representative is not authorised to take the information out of the workplace. The union representative shall respect confidentiality on the information he receives. The union representative is however authorised to consult the union in question and the representatives of the union are obliged to maintain complete confidentiality on the information they become privy to.

4 Now: Act on the Rights and Obligations of Foreign Undertakings that Post Workers Temporarily in Iceland and on their Workers' Terms and Condition of Employment, No. 45/2007

If the employer does not accept the representative's request to be provided with access to information on wages and other terms of employment of a foreigner and/or if there is a dispute as to whether the provisions of the collective agreement or of the law are respected, see Act 55/1980, Act 54/2001[5] and Regulation no. 1612/68/EC on free movement of workers, see Act no. 47/1993, and if it has not been possible to resolve the dispute within the company, it is authorised to refer this dispute to a special ASÍ and SA joint committee.

SA and ASÍ joint committee

The ASÍ and SA joint committee which discusses issues related to foreigners according to this agreement shall comprise four representatives, two appointed by ASÍ and the National Association concerned in the issue and two representatives appointed by SA.

The joint committee shall endeavour to clarify cases which it has received, according to the above specified rules and shall resolve the disputes with negotiations within the committee.

Cases referred to the committee shall be discussed in the committee within two weeks unless specific circumstances prevent this.

When examining the case, the committee can require necessary documentation from the employer in question on wages or other terms of employment of the foreign workers in the case and about the accredited rights to work of those who are working where such accreditation is required. This authority covers foreign workers covered by the collective agreement of ASÍ affiliated unions, see article 1 of Act 55/1980.

The union representative or the spokesman for the union who stands in for the union rep is not bound by confidentiality with respect to his/her communications with the committee for cases being discussed in the committee. Representatives in the joint committee can approach the union representative or the spokesman for the union who stands in for the union rep, pursuant to the above, in order to gather further information for those cases under discussion.

The joint committee and individual representatives on the committee shall respect confidentiality on information gathered from the employer, from the union representative or from the spokesman for the union and it is unauthorised to inform or give information to a third party about the substance of the discussions.

Parties to the dispute shall be informed of the conclusions of the committee.

Notwithstanding a decision from the committee it is authorised to refer the matter to the courts. The duty for confidentiality, pursuant to the above does not hinder in this instance, the submission of documentation in a court case.

Reykjavik, 7 March 2004

5 *Now Act no. 45/2007.*

INDEX