AGREEMENT

between

Confederation of

Icelandic Enterprises

and

Efling

for

employees in restaurants, hotels and similar work

In effect from April 1, 2019 - November 1, 2022

TABLE OF CONTENTS: **Page**

1. CHAPTER
Scope of Application and Wages

1.1. Scope of application

This Agreement covers the work of Efling members employed in restaurants, hotels, service centres, simple eateries, and recreation companies and similar work.

1.2. On wages

1.2.1. Wage bracket 4

Hourly rate for incidental work (not shift work)

Day work

	4.1.2019	**4.1.2020**	**1.1.2021**	**1.1.2022**
Starting pay at age 18	1,649.62	1,789.16	1,928.69	2,074.04
After 1 year in industry	1,660.17	1,799.70	1,939.24	2,084.59
After 3 years in industry	1,670.88	1,810.41	1,949.95	2,095.30
After 5 years in company	1,681.75	1,821.28	1,960.82	2,106.17

Overtime

	4.1.2019	**4.1.2020**	**1.1.2021**	**1.1.2022**
Starting pay at age 18	2,946.59	3,195.83	3,445.07	3,704.69
After 1 year in industry	2,965.43	3,233.80	3,463.91	3,723.53
After 3 years in industry	2,984.56	3,253.22	3,483.04	3,742.66
After 5 years in In company	3,003.98	3,272.92	3,502.46	3,762.08

Wage bracket 5

General workers in restaurants and guest houses/hotels

Monthly salary

	4.1.2019	**4.1.2020**	**1.1.2021**	**1.1.2022**
Starting pay at age 18	285,549	309,549	333,549	358,549
After 1 year in industry	287,391	311,391	335,391	360,391
After 3 years in industry	289,261	313,261	337,261	362,261
After 5 years in company	291,158	315,158	339,158	364,158

Wage bracket 6

Specially trained restaurant and guest house/hotel staff who can work independently, show initiative and possibly be entrusted with temporary supervision of tasks

Monthly salary

	4.1.2019	4.1.2020	1.1.2021	1.1.2022
Starting pay at age 18	287,391	311,391	335,391	360,391
After 1 year in industry	289,261	313,261	337,261	362,261
After 3 years in industry	291,158	315,158	339,158	364,158
After 5 years in company	293,084	317,084	341,084	366,084

Wage brackets for horse trainers and assistants

Wage bracket 4

Assistants without experience in horse training

Monthly salary

	4.1.2019	4.1.2020	1.1.2021	1.1.2022
Starting pay at age 18	283,735	307,735	331,735	356,735
After 1 year in industry	285,549	309,549	333,549	358,549
After 3 years in industry	287,391	311,391	335,391	360,391
After 5 years in company	289,261	313,261	337,261	362,261

Wage bracket 10

Horse trainers with experience

Monthly salary

	4.1.2019	4.1.2020	1.1.2021	1.1.2022
Starting pay at age 18	295,131	319,131	343,131	368,131
After 1 year in industry	297,237	321,237	345,237	370,237
After 3 years in industry	299,376	323,376	347,376	372,376
After 5 years in company	301,546	325,546	349,546	374,546

Wage bracket 17

Horse trainers with two years of study at Hólar University or comparable education.

Monthly salary

	4.1.2019	4.1.2020	1.1.2021	1.1.2022
Starting pay at age 18	310,560	334,560	358,560	383,560
After 1 year in industry	312,898	336,898	360,898	385,898
After 3 years in industry	315,272	339,272	363,272	388,272
After 5 years in company	317,680	341,680	365,680	390,680

1.2.2. Starting wages and wages for workers under 18 years

In this agreement, starting wages assume that the employee has reached the age of 18 and has obtained the skill and competency required to perform the job in question. Training hours are based on a maximum of 300 hours with an employer or 500 hours in the industry after reaching the age of 16. 95% of starting wages may be paid during the training period. A worker who has reached the age of 22 must never be paid wages below the one-year pay bracket, cf. Article 1.6.3.

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

1.2.3. Certificate of work experience

Employees must submit confirmation of work experience in the industry and seniority is determined as of and including the beginning of the next month after submitting confirmation.

1.2.4. Appointment to managerial positions

Employees appointed to managerial positions shall receive wages 15% higher than those stated in Article 1.2.1. Temporary workers standing in for these employees at the request of the employer receive the same compensation. The scope of work of those appointed to managerial roles must be defined in a written employment contract.

1.2.5. The scope of work of doormen must be defined in a written employment contract.

1.2.6. Employee interviews

Employees have the right to an annual interview with their supervisor regarding their work, incl. performance, goals and potential changes to terms of employment. Requests for interviews must be granted within two months and conclusions from the interview made available within one month.

1.3. Wage amendments during term of agreement

1.3.1. Wage amendments

This collective agreement contains a special emphasis on wage improvements for low-income workers. Contractual wage increases are all in

the form of ISK increases on top of monthly wages. Monthly wages refers to the fixed monthly wages for day work.

General monthly wage increase for full-time employment

April 1, 2019: ISK 17,000
April 1, 2020: ISK 18,000
January 1, 2021: ISK 15,750
January 1, 2022: ISK 17,250

1.3.2. Wage rates

Wage rates increase specifically, in accordance with the attachments accompanying the collective agreement.

April 1, 2019: ISK 17,000
April 1, 2020: ISK 24,000
January 1, 2021: ISK 24,000
January 1, 2022: ISK 25,000

1.3.3. Wage-related items

Items in the collective agreement related to wages increase by 2.5% on the same dates unless otherwise agreed.

1.3.5. Economic growth bonus

In 2020-2023, a wage increase will be implemented on the basis of a per capita increase in gross domestic product.

Calculation of the wage increase is based on provisional statistics from Statistics Iceland on the per capita gross domestic product index, which are published every March for the previous year.

The wage increase is added to both the monthly wage rate stated in the collective agreement and to fixed monthly wages for daytime work. The table below shows the wage increase amount and the basis for the bonus.

Gross domestic product per capita, yearly increase	Increase on monthly wage rates according to collective agreements	Wage increase on fixed monthly wages for day work
1.0-1.50%	ISK 3,000	ISK 2,250
1.51-2.00%	ISK 5,500	ISK 4,125
2.01-2.50%	ISK 8,000	ISK 6,000
2.51-3.00%	ISK 10,500	ISK 7,875
>3.0%	ISK 13,000	ISK 9,750

The decision regarding wage increase for 2019-2022, to be implemented in 2020-2023, should take into account the updated provisional estimates for the years that have been established as a basis for calculating the increase. Wage increases are payable on May 1.

Should there be occasion for a wage increase, the agreeing parties' Salary and Conditions Committee determines the amount of the increase.

1.4. Minimum income for full-time work

Minimum income for full-time work, i.e. 173.33 hours worked per month (40 hours per week), shall be as follows for those employees who, after reaching the age of 18 years, have worked at least six months at the same company (for a minimum of 900 hours):

April 1, 2019	317,000 ISK/month.
April 1, 2020	335,000 ISK/month.
January 1, 2021	351,000 ISK/month.
January 1, 2022	368,000 ISK/month

A monthly supplement shall be paid in addition to the wages of those employees whose income does not reach the above-stated amounts. In this respect, income is considered to be all payments, incl. bonuses, premiums and extra payments on top of earnings accrued during the above-stated working hours. Wage compensation for minimum income insurance is not reduced due to contractual wage increases based on a higher level of education endorsed by both contracting parties.

Wages for work beyond 173.33 hours/month and reimbursement for out-of-pocket expenses are not calculated in this context.

1.5. December bonus and holiday bonus

1.5.1. <u>December bonus 2019- 2022</u>

The December bonus for each calendar year based on full-time employment is: In 2019 ISK 92,000
In 2020 ISK 94,000
In 2021 ISK 96,000
In 2022 ISK 98,000

Full annual employment in this case is considered 45 weeks of work (1800 working hours) or more, not including holidays. The bonus is to be paid no later than December 15th every year, according to employment percentage and period of service, to all employees who have been working for the employer for 12 consecutive weeks during the previous 12 months or who are working during the first week of December.

Instead of a calendar year, the accounting period may be counted from December 1 to November 30 each year by agreement with the employee.

The December bonus includes holiday pay, is a fixed amount and not subject to changes according to other provisions. Accrued December supplement shall settled upon termination of employment/retirement if termination/retirement occurs before the bonus is due for payment.

A worker who is in an employment relationship with a company but is not on the payroll due to illness in December does not lose the right to a December bonus, and that time is taken into consideration when calculating the December bonus.

1.5.2. Holiday bonus

Holiday bonus 2019-2022

The holiday bonus for each holiday pay year (May 1 to April 30) based on full-time employment is:

ISK 50,000 per holiday pay year beginning May 1, 2019
ISK 51,000 per holiday pay year beginning May 1, 2020
ISK 52,000 per holiday pay year beginning May 1, 2021
ISK 53,000 per holiday pay year beginning May 1, 2022

Full annual employment in this case is considered 45 weeks of work (1800 working hours) or more, not including of holidays. The bonus is to be paid on June 1, according to employment percentage and period of service during the holiday pay year, to all employees who have been working for the employer for 12 consecutive weeks during the previous 12 months as of April 30, or who are working for the first week of May.

The holiday bonus includes holiday pay, is a fixed amount and not subject to changes according to other provisions. Accrued holiday bonus pay is to be settled upon termination of employment/retirement if termination/retirement occurs before the bonus is due for payment.

1.5.2.1. Lump sum payment May 2019

In 2019, a lump sum of ISK 26,000 is to be paid in the form of a special premium on the holiday bonus. The 2019 holiday bonus should be paid no later than May 2.

1.5.3. Absence due to maternity/paternity leave or when a woman must stop working during pregnancy for safety reasons.

After one year of employment with the same employer, absences for statutory maternity/paternity leave are considered as part of the employee's period of service in calculating December and holiday pay bonuses. The same applies if a woman must stop working during pregnancy for safety reasons, cf. the regulation on measures to improve the health and safety in the workplace of women who are pregnant, have recently given birth or are breastfeeding.

1.6. Pay increases based on seniority

1.6.1. An employee must provide proof of professional experience upon request.

1.6.2. Seniority based on work experience in the same industry shall be assessed according to verified information on prior work. In general occupations,

e.g. kitchen work, cleaning and customer service, work experience in related sectors including domestic work shall be assessed separately. In the case of comparable work, workers may reach up to a one-year pay bracket even if they have not previously worked pursuant to this collective agreement.

1.6.3. Assessment of seniority

In assessing seniority, the age of 22 is considered equivalent to one year of employment in an industry.

1.6.4. On rights accrued through work abroad, see Article 13.4.3.

1.7. Hourly wages during daytime work

Daytime hours wages can be calculated by dividing monthly wages by 172.

1.8. Overtime rates

1.8.1. Overtime is payable on top of hourly wages, which corresponds to 1.0385% of monthly wages for daytime work.

Overtime pay is calculated according to the employment contract or written confirmation of employment.

1.8.2. Overtime on major public holidays, pursuant to Article 2.3.1. is payable on top of hourly wages, which corresponds to 1.375% of monthly wages for daytime work. This does not apply to regular work of shift workers, where winter holidays are granted pursuant to Art. 3.4. for work on the days in question.

1.8.3. Overtime workers who do not receive special overtime pay pursuant to Article
3.2 and winter holidays pursuant to Article 3.4. shall receive, in addition to overtime pay, day work wages for work on Good Friday, Easter Sunday, Whitsunday, June 17th, Christmas Day, Christmas Eve after 12:00 PM and New Year's Eve between 12:00 PM and 10:00 PM. Work done on New Year's Eve from 10:00 PM and on New Year's Day is paid at twice the overtime hourly rate.

1.9. Emergency calls

Workers receive pay for at least four hours if summoned to work by emergency call.

1.10. Right to full monthly wages

1.10.1. If an employee has worked for the same employer or in the same industry continuously for one month or more, the employee shall be paid full monthly wages such that he/she receives payment for contractual holidays falling on Mondays through Fridays.

1.10.2. One month of continuous work refers to work performed under the same employer or in the same industry on the basis of full day work/shift work for one month. Absences due to illness, accidents, holidays, strikes or lockouts are equivalent to full work.

1.10.3. An employee who has worked seasonally or on an hourly basis for a total of one month at the same employer in the preceding two years shall be paid full monthly wages pursuant to 1.1.10.1 upon entering regular work, cf. Article 1.10.2.

1.11. Part-time work

1.11.1. Those who are called to work on a non-regular basis (i.e. do not have work obligations) shall receive hourly pay pursuant to wage bracket 4 based on seniority and accrued rights at the same employer.

1.11.2. An employee who works part-time on a regular basis (i.e. a predetermined job/employement rate), whether for part of the day or by other arrangement, enjoys the same right to payment of contractual and statutory accrued rights such as days off, sick days and accident days, right to termination, pay raises based on seniority, etc. as those who work a full day, and payment shall be based on the employee in question's employment rate and normal work day.

1.12. Rules on payment of wages

1.12.1. Wages shall be paid on a monthly basis after the first business day of the following month so that when fixed monthly wages are paid e.g. for January, they are paid from the 1st to the 31st of the month and payment shall be made on the first business day in February. Overtime, shift premiums and other payments for the period from the 20th of the month to the 19th of the month before the settlement day are also paid at the same time. Those who do not receive fixed monthly pay shall be paid their wages on a weekly basis, no later than Friday of the following week. If payday falls on a day off pursuant to Article 2.3, wages are to be paid on the last business day of the month.

1.12.2. The general rule shall be that wages are paid via deposit to the employee's bank account.

1.12.3. If an employer wishes to adopt a payment system other than provided for in this agreement, the employer is obliged to consult his/her staff and the relevant trade union and employers' association.

1.12.4. Employers are entitled to a payslip marked with their own name upon payment of wages. Fixed wages, daytime work hours, working hours with a shift premium, overtime, clothing allowance, driving allowance, taxes, pension contributions and other deductions shall be itemised on the payslip. Holiday wages shall be listed on the payslip pursuant to

Act No. 30/1987. Accrued rights to time off work shall also be stated pursuant to Article 2.4.2. Time sheets shall be prepared in duplicate and the employee keeps one copy. Where electronic timekeeping or a time clock is used, a copy of the daily time record shall accompany the payslip. In the case of credit withdrawal in goods by an employer, signed credit notes must be available to the employee.

1.12.5 Employee shall have the option of accessing time records from as far back as 12 months. Any changes to the record shall be made available and visible to the employee.

1.13. Streamlining and work incentive pay systems

Should a restaurant owner and his/her staff agree to streamline and adopt a work incentive pay system, the labour union in question must be allowed to monitor this from the start.

1.14. Housekeepers, night guards and doormen

1.14.1. Housekeepers are not obliged to perform large-scale cleaning operations on the ceilings of guest quarters.

1.14.2. The scope of night guards' work must be defined in writing upon hiring.

1.14.3. This agreement covers indoor night security in businesses and pertains solely to surveillance activities, telephone answering and door monitoring. Other and unrelated jobs are done on the basis of an agreement between the employee and the company.

1.14.4. The scope of work of doormen must be defined in a written employment contract.

In addition to the terms of employment, it should be noted that the party in question must satisfy the criteria of Article 21 of Regulation No. 1277/2016 on Restaurants, Lodging and Entertainment in order to perform door security duties, see pg. 70.

Door security's scope of work is to maintain order inside and in the queue outside the door, as well as other jobs entrusted to him/her by the employer.

1.15. Employment contracts and letters of employment

1.15.1. If an employee is hired for a period longer than one month and for more than eight hours per week on average, a written employment contract shall be made upon hiring or no later than two months after starting work or employment confirmed in writing. Should an employee quit before the two-month period ends without a written employment contract having been made or employment confirmed in writing, such confirmation shall be provided upon termination of work. Employee contracts shall be prepared in duplicate and the employee keeps one copy. An employment contract may be sent to an employee electronically if it is confirmed by both parties.

1.15.2. Changes to terms of employment beyond those due to law or collective agreements shall be confirmed in the same manner no later than one month after said changes are implemented.

1.15.3. Provisions of Articles 1.15.1. and 1.15.2. do not apply when hiring for incidental work, except for where there are objective reasons.

1.15.4. Employers' obligation to inform - The employment contract or written confirmation of employment, i.e. a letter of employment, shall
state the following at least:

1. Identification of parties, incl. ID numbers.
2. Workplace and employer's address. In the absence of a fixed workplace or a location where work is generally carried out, it must be stated that the employee is hired at various workplaces.
3. The title, position, nature or type of job for which an employee is hired, or a short clarification or description of the job.
4. First day of work.
5. The duration of employment if temporary.
6. Holiday entitlement.
7. Termination period on the part of the employer and the employee.
8. Monthly or weekly wages, e.g. with reference to wage rates, other payments or benefits as well as payment periods.
9. Length of a typical work day or work week.
10. Pension fund.
11. Reference to the current collective agreement and the labour union concerned.

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

1.15.5. Work abroad - If an employee is assigned to work in another country for one month or longer, he/she shall receive written confirmation of employment prior to departure. In addition to the information pursuant to Article 1.15.4, the following shall be stated:

1. Estimated duration of employment abroad.
2. Currency in which wages are paid.
3. Compensation or benefits/privileges related to work abroad.
4. Where appropriate, conditions for the employee's return to their home country.

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

1.15.6. Temporary employment

Temporary employment is covered under Act No. 139/2003 on Temporary Recruitment.

1.15.7. Right to damages

Should the employer violate the provisions of this article, he/she may be liable for damages.

1.16. Wages in foreign currency

Part of a fixed monthly salary may be paid in foreign currency, or a part of a fixed monthly salary may be tied to the exchange rate of a foreign currency by agreement between the employee and the employer. This portion of the salary shall be based on the selling rate of the currency as of the date on which the employee and employer enter into the agreement (grant date).

Fixed monthly wages shall be calculated and stated on the payslip in the following way:

1. Fixed monthly wages in ISK on the grant date.
2. The amount in ISK that is to be paid in foreign currency or tied to a foreign currency shall be deducted.
3. The portion of fixed monthly wages paid in or tied to foreign currency (cf. item 2), calculated in ISK at the foreign currency's selling rate three business days before payday.

The total of items 1.-3. may never be lower than the lowest rate stated in the collective agreement in effect for the industry in question.

The total of items 1.-3. form a base for the payment of taxes and premiums pursuant to the collective agreement, e.g. to pension funds, union funds, sick funds, vocational rehabilitation funds, holiday home funds and continuing education funds.

The employee and employer are authorised to agree that overtime, shift premiums, bonuses and other payments be settled partially or entirely in foreign currency.

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

An employee may terminate the agreement at any time. In the event of such a request from an employee, the employer must comply as of and including the beginning of the second month after which the request was made. The employee shall then receive wages pursuant to item 1 with subsequent amendments as of the date on which the original agreement was entered into.

The employee and the employer shall agree in writing on the payment of wages in foreign currency or those tied to a foreign currency. See attachment, pg. 75.

1.17. Competition provision

Provisions in employment contracts that prohibit employees from working for their employers' competitors are non-binding if such provisions are broader than is necessary to prevent competition or if they restrict the employees' freedom of employment in an unfair manner. In either case, such provisions must be evaluated on a case-by-case basis with consideration to all relevant factors. Competition provisions should therefore not be worded too generally.

In assessing the breadth of an employment contract's competition provision, particularly in terms of scope of application and time limits, the following factors must be taken into consideration:

a. The type of work the employee in question performed, e.g. whether he/she is a key employee, is in direct contact with customers or bears a significant confidentiality obligation. Any knowledge or information the employee may have regarding the company's operations or its costumers must also be considered.
b. How fast the employee's knowledge becomes obsolete and whether normal equality among employees is observed.
c. The type of operation in question and the competitors on the market in which the company operates, and the extent of the employee's knowledge.
d. That an employee's freedom of employment is not restricted in an unfair manner.
e. That the competition provision is specific and concise with a view to protect certain competitive interests.
f. The remuneration an employee receives, e.g. how high his/her wages are, also come into play.

Competition provisions of an employment contract do not apply if an employee resigns without providing sufficient reason.

1.18. Certificates and payment for them

Should an employer request that an employee submit a certificate, e.g. criminal record or bill of health, the employee must submit the requested certificate and the employer must pay the fee for obtaining the certificate. Payment for medical certificates is covered under Article 9.4.3.

Paragraph 1 does not cover certificates which job applicants are required to submit as part of their application for employment.

Protocol on certificates accompanying applications for employment

When advertising an open job position in the media, contracting parties are advised not to require applicants to submit certificates requiring payment to public entities with their initial application. Only those applicants who are considered for hire shall be required to submit such certificates.

Protocol on employment contracts

Parties to the agreement agree on the importance of employment contracts explicitly stating which collective agreement applies regarding employee wages and terms of employment. The employment contract should mention that the employee is to receive wages and terms of employment according the collective agreement between Efling and the Icelandic Confederation of Enterprises for catering and accommodation services, service centres and simple eateries, recreation companies and similar work, as the employee is intended to work in accordance with that collective agreement. [2019]

2. CHAPTER
Working hours

2.1. Day work

2.1.1. For a fixed monthly salary, workers must work 40 hours every week (active working time: 37 hours and 5 minutes) and a proportionally shorter time if any of the holidays listed in 2.3.1. – 2.3.2. fall during the week. Work shall be performed between the hours of 8:00 AM to 5:00 PM five days a week.

Other arrangements of daytime working hours are authorised upon agreement between the employer and staff. However, the daytime work of each employee must always be performed according to a continuous work plan and must never begin before 7:00 AM.

2.1.2. Regular part-time work

An employee hired on a part-time basis receives an hourly wage for work in excess of his/her employment rate, daytime work during daytime hours, overtime outside of daytime hours and on contractual holidays, and a major public holiday wage for work on major public holidays.

2.1.3. Incidental work

Workers called upon to work on an incidental basis (i.e. who do not have a work quota) receive an hourly wage, daytime work during daytime hours, overtime outside of daytime hours and on contractual holidays, and major public holiday wages for work on major public holidays.

2.2. Overtime

2.2.1. Contractual overtime begins when agreed-upon daytime work is completed, i.e. 7 hours and 25 minutes of active working hours during within the hours of 7:00 AM to 5:00 PM Monday - Friday, or 40 hours a week, cf. Articles 2.1.1. - 2.1.2.

2.2.2. Overtime wages are paid for work in excess of 40 hours per week, work on Saturdays, Sundays and contractual holidays, and major public holiday wages are paid for work on major public holidays.

2.2.3. Overtime wages are paid for work performed during meal and coffee breaks during daytime working hours.

2.3. Holidays

Major public holidays include: New Year's Day.
Good Friday. Easter Sunday.
Whitsunday.
June 17.
Christmas Eve after 12:00 PM.
Christmas Day.
New Year’s Eve after 12:00 PM.

2.3.1. Holidays in addition to major public holidays include: Maundy Thursday.
Easter Monday. First Day of Summer.
May 1. Ascension Day.
Whitmonday. First Monday in August.
Boxing Day.

2.4. Minimum rest

2.4.1. Daily rest period

Working hours must be arranged such that for every 24-hour period, calculated from the beginning of the workday, employees receive at least 11 consecutive rest hours. If possible, daily rest hours should fall between the hours of 11:00 PM and 6:00 AM.

Working hours must never be arranged in such a way that they exceed 13 hours.

2.4.2. Exceptions and the right to time off

In special circumstances in which items of value must be recovered, the working period may be extended to up to 16 hours, after which 11 rest hours must be granted immediately following the work without infringing upon the right to fixed daily wages.

In the case that it becomes inevitable to deviate from daily rest time due to special circumstances, the following apply: If employees are specifically requested to report to work before 11 rest hours are met, rest may be postponed and granted later in such a way that the right to time off, 1½ hours (for daytime work), accumulates for every hour of rest lost. ½ hour (daytime work) may be paid out of the right to time off by employee request. Under no circumstances is it permitted to infringe upon eight consecutive hours of rest.

The same applies if an employee works enough hours before a holiday or weekend that he/she does not fulfill 11 hours of rest based on the typical beginning of the work day. If an employee comes to work on

a day off or weekend, he/she receives overtime rates for the time worked without further additional payments for the same reason.

The above provisions do not apply to organised shift plans, where it is permitted to shorten rest time to 8 hours.

Accumulated right to time off pursuant to the above shall be stated on the payslip and granted in half and full days outside of the company's busy periods in consultation with employees on the condition that the employee has accumulated at least four hours of time off. At end of employment, unused time off shall be settled and considered part of the employee's period of employment.

Without employee consent, is not permitted to schedule work in such a way that accumulated time off is taken while the employee is travelling on behalf of the employer or working away from home/current place of residence, unless as part of the normal course of accumulation of time off.

2.4.3. Weekly day off

During each seven-day period, the employee shall have at least one day off per week as a part of the daily rest period, and is based on a work week that begins on Monday.

2.4.4. Postponement of weekly day off

To the extent possible, the weekly day off should fall on a Sunday, and to the extent possible, everyone employed by the same company or at the same fixed workplace should have that day off. The company may, upon agreement with employees, postpone the weekly day off in cases where circumstances necessitate. If there is a particular reason to schedule work in such a way that the weekly day off is postponed, an agreement to this effect shall be made. Days off may therefore be managed such that two are taken every other weekend (Saturday and Sunday). If days off should fall on business days due to unforeseen reasons, employees' rights to fixed wages and shit premiums will not be restricted.

If the company requests that an employee travel internationally on unpaid days off, the employee shall receive time off corresponding to 8 daytime working hours for every day off lost, on the condition that the wages determined do not take international travel into consideration. Taking time off under these conditions is done in the same way as determined in the chapter on minimum rest and time off.

2.4.5. Breaks

Employees are entitled to a break of at least 15 minutes if their daily working hours exceed six hours. Coffee and meal breaks are considered a break in this regard.

2.4.6. In terms of scope of application, rest periods, work breaks and more, reference is made to the ASÍ and VSÍ agreement of December 30, 1996 on certain aspects relating to the scheduling of working time, which accompanies this agreement as an attachment is considered a part of it and is identical to the ASÍ and VSÍ agreement. The aforementioned provisions complement Article 13 of this agreement.

2.5. Recording of working hours

2.5.1. Every hour begun of requested overtime work is paid as a half hour, and as a full hour if an employee works longer than a half hour.

2.5.2. Employees shall arrive to work on time, regardless of whether work begins in the morning or after a coffee and/or meal break. Employees must be signed in during working hours and will receive wages for the quarter hour during which they are clocked out.

If an employee arrives to work late, he/she cannot claim wages for the quarter hour during which he/she arrives nor for the time elapsed prior to arrival.

In workplaces with a time clock, wages may be paid according to attendance hours recorded by the clock.

2.5.3. If employees need to change clothes, they must do so on their own time before working hours begin and after they end.

2.6. Change of employment rate and/or working hours

An employee who changes his/her working hours from partial to full daytime work or vice versa by request of the employer or with his/her consent shall enjoy all contractual and legally required rights in instances of accident or injury and the right to extra holiday payment from the time he/she began work, based on seniority and consistent with the amended working hours.

More information on part-time workers can be found in the agreement between ASÍ and SA on part-time work and, where applicable, in legislation on part-time workers.

2.7. Notification of absence

Employees shall report legitimate absences with as much notice as possible.

2.8. Time off in lieu of overtime

By agreement between employee and employer, days off due to overtime work may accumulate in such a way that overtime hours and time off during daytime working periods accumulate, and the difference between daytime and overtime hourly wages are either paid with the next regular payment or accumulates as a whole and is taken during the daytime working period. The value of overtime hours worked shall be used as a basis for calculation. An agreement shall be made concerning taking time off. The right time off pursuant to the aforementioned that has not been claimed before May 1 each year or upon end of employment shall be paid out on the basis of the value of daytime working hours on the payment date. An agreement shall be made concerning taking time off and time off shall be scheduled so that it causes as little disruption as possible to company activities.

Two types of agreement are authorised:

a) Overtime hours may accumulate and the overtime premium paid out

Simple example: An employee's daytime hourly wage is ISK 1,000 and the company pays ISK 1,800 in overtime. An agreement states that the next eight overtime hours shall be paid such that the overtime premium is paid out (ISK 1,800 — 1,000 = 800 ISK/hr.) while overtime hours accumulate. When an employee takes time off, he/she keeps his/her daytime wage (ISK 1,000) for eight hours. Care must be taken that the correct amount of overtime is paid if an employee receives only a special extra payment. Special consideration must be taken if an employee has special extra payments that apply only to daytime wages.

b) Overtime hours may accumulate and be converted into daytime hours

Example: If an employee's overtime premium is 80%, overtime hours worked may be converted into time off during daytime hours in such a way that one hour of overtime is equivalent to 1.8 hours of daytime work (4.44 overtime hours equal 8 daytime working hours). Attention must be paid to the proportion if an employee receives a special extra payment on daytime wages only.

An agreement shall be made concerning taking time off and time off shall be scheduled so that it causes as little disruption as possible to company activities.

2.9. On-call shifts

Employees may be placed on on-call shifts during which they must be contactable by phone and attend to emergency calls. Unless otherwise agreed to in an employment contract, the following applies:

For every hour on an on-call shift on which the on-call employee must remain at home, he/she receives payment equal to 33%

of a daytime working hour. On public holidays and major holidays, pursuant to Article 2.3.1. and 2.3.2., the aforementioned percentage is 50%.

16.5% of daytime hourly wages are paid for on-call shifts that do not require immediate response from the employee but require that the employee be available and ready to work immediately. On public holidays and major holidays, pursuant to Article 2.3.1. and 2.3.2., the aforementioned percentage is 25%.

For emergency calls during on-call shifts, employees are paid for hours worked for a minimum of four hours, unless daytime working hours begin within two hours of the employee arriving at work. Payments for on-call shifts and overtime payments never coincide.

2.10. Inconvenience due to calls made from personal phones

If an employee's home phone or mobile phone is listed in the company's telephone directory, the work resulting therefrom must be taken into account when determining wages.

Protocol on infringement on minimum rest time

The collective bargaining agreement provides for the right to time off in the event that rest time falls below 11 hours. The parties to the agreement agree that this rule also applies to rest time below 8 hours in exceptional circumstances. [2004]

Protocol on unpaid leave for tourism workers over Christmas and New Years

Tourism workers wishing to take unpaid leave at Christmas and New Year and have the consent of the supervisor in question shall be paid daytime pay in proportion to their employment rate for the contractual holidays falling on working days during said period. The employer's payment obligation is subject to the employee having acquired the right to payment pursuant to the provisions of Article 1.10.1 of the collective agreement between parties. [2019]

3. CHAPTER
Shift Work

3.1. Shift work

3.1.1. Shifts may be assigned on any day of the week. If an employee only works shifts five days of the week within the hours of 5:00 PM — 8:00 AM, the working week will only be 38 hours. Half shifts are also authorised for a working week of 20 hours (19 hours where the working week is 38 hours).

3.1.2. A shift shall not exceed 12 hours and may be no shorter 3 hours. Every shift must be worked as a consecutive timed block and the employer is obligated to pay for the entire duration of the shift, unless the employee requests time off.

3.1.3. The employment contract shall state if an employee is hired for shift work. The employment contract assumes an employment rate in accordance with the shift table cf. Article 3.1.5.1. or 3.1.5.2. for the next 4 or 2 weeks from hiring. It shall be assumed that, upon agreement between employees and the company, employment rate may change for two four weeks at a time with one week's notice.

3.1.4. In this agreement, shifts refer to employees' predetermined work arrangements. The duration of shifts shall be indicated in the shift schedule and take into account, among other things, the beginning and end of a shift. Work in excess of the working hours specified in the shift schedule shall be paid as appropriate pursuant to Article 2.1.3. concerning part-time workers or 2.2.1. regarding full-time workers.

3.1.5. Shift schedule

3.1.5.1. Shifts shall be organised for 4 weeks at a time and a shift schedule made available at least a week before it is to take effect.

3.1.5.2. Where operations rely to a significant extent on part-time employees, shifts may be scheduled for shorter period, though no shorter than two weeks on the condition that the employment contract states that the employee agrees to such an arrangement.

3.1.5.3. The shift schedule should be placed so as to be readily accessible to employees.

3.1.5.4. *Call to extra shifts*

Extra shifts shall be announced with as much prior notification as possible.

3.2. Premiums on daytime work wages

3.2.1. A premium is payable on that portion of a 40-hour average week of shift work that falls outside of the daytime working period:

33% premium on the period between 5:00 PM to 12:00 AM Monday to Friday.

45% premium on the period between 12:00 AM to 8:00 AM every day as well as Saturdays and Sundays.

3.2.2. Holiday premiums

A 45% premium on daytime wages is payable for work on Maundy Thursday, Easter Monday, First Day of Summer, May 1, Ascension Day, Whitmonday, First Monday in August and Boxing Day.

3.2.3. Premiums on major public holidays

Work on New Year's Day, Good Friday, Easter Sunday, Whitmonday, June 17th, Christmas Eve after 12:00 PM, Christmas Day and New Year's Day after 12:00 PM receives a 90% premium on daytime wages.

3.2.4. Overtime rates

For work in excess of 40 hours (38 hours if daily working hours fall between the hours of 5:00 PM and 8:00 AM) on average of shift work per week, overtime rates shall apply.

3.3. Refreshment breaks during shift work

3.3.1. Employees are entitled to 5 minutes of refreshment break time for every hour worked and break time shall be scheduled according to agreement between employees and management.

3.4. Winter holidays for work on public holidays

3.4.1. Shift workers accrue 12 winter holiday days per working year for holidays and other special days
that fall on Mondays to Fridays, pursuant to Article 2.3.1. and 2.3.2.

3.4.2. If the workplace is closed on the aforementioned days or free time is granted, the corresponding number of days are subtracted from extra days off, unless the employee has accrued shift days off. The employer shall inform employees of the granting of time off with at least one month’s notice.

3.4.3. Winter holidays shall be granted during the period from October 1 to May 1. Winter holiday accrual is based on the period from October to October.

3.4.4. By agreement between a restaurant owner and his/her employee, the employee may receive payment in lieu of the days off in question. Payment is based on 8 hours of full-time daytime work per day off. Winter holidays for temporary workers shall be settled upon end of employment.

Explanation of winter holidays

The principle is that workers take paid winter holidays.

By agreement between employer and employee, other rules for settlement of special holidays/major public holidays for shift workers may be employed.

Instead of winter holidays, shift workers may be paid 8 for hours of day work (based on full-time employment) for every special holiday/major public holiday that lands on a weekday. Part-time workers are paid according to rate of employment.

The payment policy applies when an employee works on a day of/major public holiday (on a weekday) and when the employee is on an earned shift day off (on a weekday) and has thereby performed his/her full work quota according to rate of employment.

The right to payment is therefore determined not by whether the employee works on particular days off/major public holidays, but instead by whether he/she has satisfied a full work quota according to his/her rate of employment during the week in question.

See pg. 45 of the attachment for winter holidays for shift workers.

Protocol on weekend holidays for shift workers

Shifts shall be scheduled in such a way that permanent employees who have shifts on weekdays and weekends have a weekends off at least every third weekend on average for the preceding three months.

4. CHAPTER
Meal and Coffee Breaks, Food and Transportation Costs

4.1. Meal and coffee breaks during daytime working hours

4.1.1. Employees must be given two coffee breaks during daytime working hours, for a total of 35 minutes, which shall count towards working hours.

4.1.2. Lunch time shall be ½ hour during the period between 11:00 AM — 2:00 PM and does not count towards working hours.

4.2. Coffee breaks during work paid by the hour

Workers who begin work during the period between 6:00 PM - 8:00 AM shall receive a coffee break corresponding to 5 min. for each hour worked. Coffee breaks must be taken every three hours and are considered working hours. (These coffee breaks apply to workers on extra shifts and hourly workers. Employees on a permanent basis take coffee breaks pursuant to Article 4.1.1.).

4.3. Work during meal breaks

If meal breaks cannot be provided pursuant to Article 4.1., employees shall be paid for that time.

4.4. Food and coffee breaks during overtime work

4.4.1. If an employee works overtime until 7:00 PM or later, a meal break of ½ hour shall be provided during the hours of 5:00 PM — 8:30 PM and shall be considered working hours. If an employee works during this time or part of it, he/she shall be paid for the corresponding extra working hours.

4.4.2. If overtime takes place at night, a meal break of ½ hour shall be provided between the hours of 3:00 AM PM and 5:00 AM. This meal break and all coffee breaks are considered working hours. If an employee works during this time, he/she receives overtime corresponding to these extra hours.

4.4.3. Signing employees out of work during coffee or meal breaks on overtime is not authorised, with the exception of evening meal breaks. In such instances, these coffee and meal breaks shall be paid in addition to other hours worked.

4.4.4. The duration of the refreshment breaks on weekends is the same as during weekdays.

4.5. Food and transportation costs

4.5.1. Food

The employer provides employees with food during working hours at no cost. Where hot meals are not available and/or employees work outside of typical mealtimes, they shall be provided with sandwiches and milk, coffee or tea.

4.5.2. Work outside the workplace

When employees are sent to work outside of the workplace, transportation and accommodation shall be provided at no cost to the employee.

4.5.3. Travel costs

The employer pays employees an amount equal to 2½ times the taxi starting fee when no busses are scheduled and the employee in question must travel to and from work. An employer is authorised to transport his/her employees at his/her own expense if desired on the condition that rules for transportation arrangements are in place.

When employees are sent to work outside of or between workplaces during working hours, travel and accommodation shall be provided at no cost to the employee.

4.5.4. Travel to and from work at night

If a shift ends after midnight or begins before 8:00 AM, the employer shall provide transportation or accommodation in a room with a fitted bed, or pay an amount equivalent to 2½ times taxi starting fee.

4.5.5. Use of own automobiles on behalf of the employer

4.5.5.1. If an employee uses his/her own vehicle at the employer's request he/she has the right to payment. Payment is based on kilometres driven on behalf of the employer. Unless otherwise agreed to with the relevant labour union, the amount per kilometre shall be the same as determined by the state Transportation Cost Committee at any given time.

4.5.5.2. In the case of home deliveries within urban areas, the employer and the employee who offers the use of his/her vehicle are authorised to negotiate a fixed ISK amount for each delivery.

4.5.6. Should a dispute arise concerning what is considered a normal cost, reference shall be made to the cost calculated by the Icelandic Automobile Association (FÍB) for the type of vehicle used.

4.5.7. Daily allowance on trips abroad

If a company does not have specific rules regarding payment of travel expenses, daily allowances for trips abroad are paid in accordance with the decisions of the state's Transportation Cost Committee.

5. CHAPTER
Company-specific component of collective agreements

5.1. Definition

A company agreement (workplace agreement) in the understanding of this chapter is an agreement between a company and its employees, either all or specific individuals, for the adaptation of the collective agreement to the needs of the workplace.

A company-specific agreement made on the basis of this chapter is not a collective agreement, as the Confederation of Icelandic Enterprises (SA) and labour unions are not contracting parties. Regarding the involvement of these parties in the drawing of the agreement, refer to Article 5.5.

5.2. Purpose

The purpose of the company-specific component of a collective agreement is to promote cooperation between staff and management in the workplace with a view to setting the groundwork for improved terms of employment for workers through increased productivity.

The purpose is to develop collective agreements in such a way that they benefit both parties. The aim, among other things, is to shorten the work week while maintaining or increasing productivity. In doing this, the aim is to always distribute profits between workers and the company according to clear parameters.

5.3. Permission to negotiate

As a rule, the company-specific component applies to all employees to whom the relevant labour union's collective agreement applies. However, special agreements may be made in individual designated workplaces.

Negotiations regarding the company-specific component of a collective agreement are carried out under the embargo on industrial action and shall be initiated by agreement of both parties. It must be stated in writing to whom the agreement is intended to apply.

The relevant labour unions and employers' associations shall be notified once negotiations have been decided.

5.4. Advisors

It is appropriate to both parties, employees and company representatives to seek the consultancy contracting parties. Each party may decide, individually or jointly, to call upon representatives of the parties to the agreement to consult in the drafting of the agreement immediately after negotiations have been decided.

5.5. Employee representatives - representation in negotiations

Union representatives shall represent employees in negotiations with company management. The spokesman of the union concerned is fully authorised to sit on the negotiating committee. The union representative shall be authorised to hold elections for two to five additional members of the negotiation committee, depending on the number of employees, who will form a common negotiating committee.

The union representative and other elected representatives of the negotiating committee shall be guaranteed a normal amount of time for the preparation and drafting of the agreement during working hours. Furthermore, they shall enjoy special protection in employment and it is forbidden to place them at a disadvantage because of their work on the negotiating committee. It is thus forbidden to terminate their employment on account of their work on the negotiating committee.

In workplaces where union representatives belong to two or more labour unions, they shall act jointly on behalf of employees in instances where the company-specific component of the collective agreement affects their position. In these circumstances, care should be taken to ensure that a representative for all relevant industries participate in negotiations despite the fact that the negotiating committee may expand as a result.

Where union representatives have not been appointed, the employees' relevant labour union may hold elections for the negotiating committee.

5.6. Information delivery

Before drafting a company-specific agreement, management shall inform union representatives and others on the negotiating committee of the company's standing, future prospects and personnel policy.

The union representative has the right to information regarding wage payments at the workplace he/she represents to the extent necessary to enforce provisions of the company-specific agreement.

During the duration of a company-specific agreement, union representatives shall be informed twice a year of the aforementioned items and priorities in the company's operations. They

shall exercise discretion regarding this information to the extent that it is not open to public discussion.

Information is only required to be provided to the extent necessary for the provisions of the company-specific agreement.

An agreement made on the basis of this chapter shall be made available to the employees of the company concerned. Informing unauthorised parties of the content of the agreement is prohibited.

5.7. Permitted exceptions

It is permitted by agreement within the company and between employees and the company to adapt provisions of the agreement to the needs of the workplace by making exceptions regarding the following elements, provided that an agreement is reached concerning employee remuneration.

a) Flexible daytime working hours. Daytime working hours may be negotiated between 7:00 AM and 7:00 PM.

b) Four-day work week. Completing a full daytime work week in four days is authorised where not prohibited by law or other agreements.

c) Shift work. Taking up shift work with at least two weeks' notice is permitted. The duration of the shift period must not be shorter than one month at a time.

d) Overtime premium on daytime work base rate. A portion of the overtime premium may be transferred over to the daytime work base rate.

e) Leave for overtime. Employees are permitted to accumulate overtime hours and instead take a corresponding number of holiday hours during weekdays outside of the company's peak period. Overtime hours are accumulated and then paid at the daytime rate but overtime premiums are paid out.

f) Refreshment breaks. Other arrangements for refreshment breaks than those stated in the main collective agreement may be negotiated.

g) Holidays. A portion of the holiday may be allocated in order to cut back operations or to close on certain days outside of the company's peak season.

h) Work incentive pay systems. A work incentive pay system may be developed without a formal methods analysis where considered suitable by both parties.

i) Transfer of Thursday holidays. A workplace may agree to transfer contractual days off for Ascension Day and the First Day of Summer, both of which always fall on Thursdays, to another weekday, e.g. Friday or Monday, or to merge these holidays with other employee time off.

Exceptions to the general rules of the collective agreement beyond the aforementioned parameters are only authorised with the consent of the relevant labour union and employers' association.

5.8. Employee compensation

If an agreement is reached regarding adaptation of provisions of the collective agreement to the needs of the company or any other exceptions to the agreed-upon work organisation, an agreement shall also be made regarding the employees' share of the company's profit resulting from these changes.

The employees' share may come as a reduction of working hours without a corresponding reduction of income, payment of a fixed amount each month or quarter, competence premiums, percentage premium of a fixed ISK amount on top of wages, or in some other form by agreement. The agreement must clearly state what the company's profit entails as well as how employees are compensated. Both are exceptions to the collective agreement and become void upon termination pursuant to Article 5.9.

5.9. Entry into effect, scope and duration

An agreement regarding the company-specific component of the collective agreement must be in writing and submitted to all to whom the agreement is intended to apply to by ballot, organised by the relevant employee negotiating committee. An agreement is considered accepted if it receives the support of a majority of votes cast. The relevant labour union must ensure that the agreed-upon exceptions and compensation for them, evaluated comprehensively, comply with the provisions of law and the collective agreement concerning minimum wages and terms of employment. If no notification to the contrary is received within four weeks, the agreement is considered to have been accepted by both parties.

The company-specific agreement may be made temporarily for a trial period of up to six months and then finalised in light of experience during the trial period. The duration of validity is otherwise indefinite. At the end of the year, either party may request a review. If no agreement regarding amendments is reached within two months, either party may terminate the company-specific agreement with six months' notice as of the end of the current month. After that time, both the agreed-upon amendments and the employees' share of profits are void. For termination to be binding, the support of a majority of the workers concerned is required by the same form of voting employed when the agreement entered into effect. If an employer terminates the company-specific contract, wage increases stipulated in that contract shall only be retracted to the extent equivalent to the cost increase resulting from the adoption of the previous agreement provisions.

5.10. Effects of company-specific agreement on terms of employment

Changes in terms of employment resulting from a company-specific agreement are binding on all the employees concerned provided that they have not challenged the formal making of the agreement with company management and the employee negotiating committee prior to the vote.

The provisions of a company-specific agreement apply equally to those workers who are employed when the agreement is approved pursuant to the provisions of this chapter as well as those hired later, on the condition that they have been introduced to the agreement's content upon employment.

5.11. Shortening of working hours

On the basis of majority approval by vote, employees have the right to negotiations on the shortening of working hours to 36 working hours per week on average concurrent with the elimination of coffee breaks during daytime working hours pursuant to chapter 3 of the collective agreement. Company management may also request negotiations.

During negotiations, suggestions for the arrangement of breaks will be made with the aim of achieving reciprocal benefits and improving the utilisation of working hours where possible.

If formal coffee breaks are eliminated, profits due to improved utilisation of working hours and increased productivity are divided between the employee and the employer, and the employees' share consists of the additional shortening of active working hours:

Additional shortening of active working hours:

If an agreement is reached concerning the elimination of coffee breaks, active working time will be 36 hours per week with no reduction of monthly wages. The shortening of active working hours may be implemented in various ways, e.g.:

1. Taking one or more flexible rest breaks from work.
2. Mid-day break lengthened.
3. Each workday is shortened, an agreed-upon number of workdays are shortened, or one day of the week is shortened.
4. Shortening accumulates as holiday time or half days.
5. Combined approach.

Representatives of the agreeing parties have the right to full involvement in negotiations pursuant to this Article.

Entry into effect and voting on the agreement is covered in Article 5.9.

5.12. Handling of disputes

In the event that the workplace does not come to an agreement regarding the shortening of working hours pursuant to Article 5.11., employees and employers alike are authorised to defer the dispute to the contracting parties, the relevant labour union and the Confederation of Icelandic Enterprises (SA).

Should a dispute arise within the company concerning the understanding or execution of the company-specific agreement and is not solved in negotiations between parties at the workplace, employees have the right to seek the assistance of the relevant labour union or entrust the union with its resolution.

If an agreement is not reached regarding the evaluation of the impact of termination pursuant to concluding sub-paragraph 2 of Article 5.9., either party may defer to adjudication by an independent party agreed upon by both parties. The company pays 65% of the cost and the employees pay 35%.

5.13. Example of a company-specific component

Company-specific

agreement between

NN ehf. and the employees of the company

This company-specific agreement is made on the basis of chapter 5 of the collective agreement between the Icelandic Confederation of Employers and the labour union or unions concerned and applies to the company's operations.

1. Article

Working hours and refreshment breaks

2. Article

Other **....**

Place, date

On behalf.. On behalf.. of NN ehf.

6. CHAPTER
Holidays

6.1. Holiday entitlement

Holidays shall be a minimum length of 24 business days. Holiday wages shall be 10.17% of all wages, whether for daytime work or overtime. Staff who have worked 5 years at the same company shall be entitled to a holiday of 25 working days and to holiday wages amounting to 10.64%. Likewise, an employee who has worked at the same company for 10 years is entitled to 30 days of holiday and 13.04% holiday wage. Holiday entitlement is calculated from the beginning of the next holiday year after an employee reaches the aforementioned duration of employment.

An employee who has received increased holiday entitlement for work at the same company obtains the same entitlement after three years at a new employer, provided that the entitlement has been verified.

6.2. Leave outside of holiday period

Summer holiday is four weeks (20 working days) and must be granted between May 2 and September 30.

Holidays exceeding 20 days may be granted outside of the designated summer holiday period of May 2 to September 30 unless otherwise agreed. If an employee wishes to take holiday outside of the aforementioned period, the request must be granted to the extent that company operations allow.

Those employees who, by request of the employer, do not receive 20 holiday days during the summer holiday period are entitled to a 25% premium on those days remaining of the 20-day holiday entitlement.

6.3. Holiday bank accounts

Labour unions are authorised to negotiate with individual wage payers that holiday wages be paid immediately into employee's special holiday bank accounts or savings accounts. Such an agreement shall ensure that the party entrusted with holiday wages pay wage earners their accrued holiday wages, i.e. principal and interest, at the start of period when the holiday is taken. A copy of such an agreement must be submitted immediately to the Ministry of Social Affairs and its termination must be reported.

6.4. Illness and accidents during holidays

In the event that a worker falls ill while on holiday domestically, in an EU country, Switzerland, the USA or Canada to the extent that he/she is not able to enjoy the holiday, he/she must notify the employer by phone, email or other verifiable means on the first day of illness unless prevented by force majeure circumstances, in which case notification must be made as soon as possible.

If the employee fulfills the notification requirement, the illness lasts longer than 72 hours, and the employee notifies the employer of the attending physician, he/she is entitled to compensatory leave for the length of time that the illness verifiably lasted. Under the aforementioned circumstances, the employee shall at all times provide proof of illness with a doctor's note. The employer has the right to have a doctor verify that the employee fell ill on holiday. To the extent possible, compensatory leave shall be granted at the time requested by the employee during the period from May 2 to September 15, unless otherwise stated. The aforementioned rules also apply to accidents during holidays.

6.5. General provisions

6.5.1. Holidays are otherwise covered by provisions of holiday legislation in effect at any given time.

6.5.2 Upon the death of an employee, his/her holiday entitlement shall be paid to his/her estate by deposit into his/her wage account or by other means.

6.5.3. Pursuant to Article 7 of the Holiday Allowance Act No. 30/1987, it is forbidden to pay out holiday allowance and wages simultaneously.

7. CHAPTER
Priority Rights to Work

7.1. Priority rights

When hiring, employers should give priority to members of the labour union concerned, provided that all employees have immediate access to the union. However, members of the union concerned undertake not to work at restaurants or hotels other than those belonging to the Icelandic Hotel and Restaurant Association (Samband veitinga- og gistihúsa), provided that the companies have notified the labour union in question of a lack of staff.

8. CHAPTER
Equipment, Hygiene and Safety

8.1. Safety equipment

Workplaces shall make available to employees the safety equipment that either the Administration of Occupational Safety and Health deems necessary for the nature of the work or is specified in the collective agreement, pursuant to the Act on Working Environment, Health and Safety in Workplaces.

8.2. Use of safety equipment

Employees are obliged to use the safety equipment stated in collective agreements and regulations, and supervisors and union representatives shall ensure that the proper equipment is used.

8.3. Violation of safety rules

8.3.1. If employees do not use safety equipment provided by the workplace, dismissal from work without warning is authorised after issuing a written warning. The employees' union representative shall ensure without delay that the reason for dismissal was made clear and he/she shall have the option of familiarising him/herself with all developments in the case. If the union representative does not agree with the reason for dismissal, he/she shall protest the decision in writing and the employee in question will not be dismissed without warning.

8.3.2. Violations of safety rules that jeapordise employees' life and limb are subject to dismissal without warning if the union representative and company representative are in agreement. If the safety equipment specified in collective agreements and required by the Administration of Occupational Safety and Health is not available at the workplace, employees who do not receive such equipment are authorised to refuse to perform the work that requires the equipment. If no other jobs are available for the employee in question, he/she shall retain full wages.

8.3.3. In the event of a dispute over this provision of the agreement, the case may be referred to the ASÍ and SA standing committee.

8.4. Lockers

Each employee will be assigned a locker with a lock if possible. If not, a locked receptacle shall be available where employees can store valuables.

8.5. Youth work

Restrictions on work and working hours for youth are covered in chapter X. of the Act on Working Environment, Health and Safety in Workplaces No. 46/1980 and Regulation on the work of children and adolescents no. 426/1999.

8.6 Delivery of information

When important information must be delivered to employees regarding e.g. safety matters, work arrangements, changes in the workplace or matters concerning individual employees, the employer must make an effort to have an interpreter on hand for those employees who need one.

9. CHAPTER
Payment of Wages in the Event of Illness and Accidents and Accident Insurance

9.1. Wages during illness

During each 12-month period, workers shall retain wages as specified below during absences due to an accident or illness:

9.1.1. During the first year of employment with the same employer, two days' substitute wages are paid for every month worked.

9.1.2. After one year of employment with the same employer, one month's substitute wages are paid.

9.1.3. After two consecutive years with the same employer, one month's substitute wages are paid as well as one month's daytime working wages.

9.1.4. After three consecutive years with the same employer, one month's sick pay wages are paid as well as two months' daytime working wages.

9.1.5. After five consecutive years with the same employer, one month's sick pay wages are paid, one month of full daytime wages (i.e. daytime working wages, bonuses and shift premiums pursuant to Article 9.3.2) and two months of daytime working wages.

9.1.6. An employee who has accrued four months of sickness entitlement after five consecutive years with the same employer and is hired by another employer within 12 months retains two months of sickness entitlement (one month on substitute wages and one on daytime working wages), provided that his/her work for the other employer ended in a normal manner and his/her entitlement is verified. An employee receives a better entitlement after thee consecutive years with a new employer, pursuant to Article 9.1.4.

9.1.7. Sickness entitlement is a total entitlement per 12-month period regardless of the nature of the disease.

Explanation:
Sickness entitlement is based on sick days paid per 12-month pay period. When an employee becomes unable to work, consideration is given to the number of days paid during the previous 12 wage months and that number of days are subtracted from the accrued sickness entitlement. If an employee has been unpaid for a period, that period shall not be included in the calculation.

9.2. Occupational accidents and occupational diseases

9.2.1. If an employee is unable to report to work due to an accident at work or en route to or from work, as well as if an employee falls ill with an occupational disease, he/she retains his/her daytime working wages for three months in addition to the right to wages during illness.

The aforementioned right is an independent entitlement and does not impinge upon the employee's sickness entitlement.

Icelandic Health Insurance pays a per diem allowance for these days to the employer.

Explanation:
Incapacity caused by an accident may either occur immediately after an accident or later. Proof and cause are covered under general rules.

9.2.2. In the event of an accident at work, the employer pays for transporting the employee home or to hospital and later covers the normal medical costs while he/she receives wages other than those paid by Icelandic Health Insurance. The injured employee submits receipts for out-of-pocket expenses to his/her employer and payment must be made concurrently with the payment of wages, pursuant to Article 9.4.

For the purposes of medical and transport expenses, accidents on the way to and from work are considered work accidents.

9.3. Wage concepts

9.3.1. Substitute wages are based on the wages the employee would verifiably have earned had he/she not been absent from work due to illness or accident. Not included are attendance bonuses and premium payments due to specific risk, difficulty or unsanitary conditions when performing specified duties.

9.3.2. Full daytime wages are fixed wages for daytime work in addition to shift premiums, bonuses and other work incentives or comparable premium payments for work based on full-time work of 8 hours per day or 40 hours per week.

9.3.3. Daytime wages are fixed wages based on daytime work (not including bonuses or any premium payments) for full-time work of 8 hours per day or 40 hours per week.

9.4. Payout of sick pay

9.4.1. Wage payments in the event of illness or accidents shall be made in the same manner and at the same time of other wage payments, provided that a medical certificate has been submitted in time for wage calculations.

9.4.2. In the event of a dispute concerning the employer's obligation to pay compensation, pursuant to Article 9.2, a decision shall be made according to whether the state accident insurance deems it necessary to pay compensation for the accident.

9.4.3. Medical certificate

An employer may require a medical certificate to confirm an employee's illness.

The employer shall pay for the medical certificate provided that the employee has notified the employer of his/her illness on the first day, and that employees are always obligated to submit a medical certificate.

9.5. Children's illness and leave due to force majeure circumstances

9.5.1. For the first six months with an employer, a parent is permitted to spend two days per month worked tending to a sick child under the age of 13, provided that other care arrangements are not possible. After six months of employment, the entitlement increases to 12 days per 12-month period. Parents retain their daytime wages as well as any shift premiums that may apply.

With reference to rules on payments for child sickness, the understanding is that foster parents or other guardians who provide for the child are considered parents.

The same applies to children under the age of 16 when an illness is serious enough to require hospitalisation for at least one day.

9.5.2. An employee is entitled to leave from work in the event of circumstances beyond control (force majeure) and family emergencies due to illness or accident that immediately require the presence of the employee.

The employee is not entitled to wages from the employer in the above circumstances, pursuant to Article 9.5.1.

9.6. Maternity/paternity leave and prenatal exams

Maternity/paternity leave and parental leave is covered by Act No. 95/2000 on the subject.

Pregnant women have the right to absence from work due to necessary prenatal exams without deduction from fixed wages if such an exam must take place during working hours.

9.7. Death, accident and disability insurance

9.7.1. Scope of application

Employers are required to insure employees, as covered by this agreement, against death, permanent medical disability and/or temporary disability caused by a work accident or on the way to work from home and from home to work, as well as to/from the workplace during refreshment breaks. If an employee resides in a dwelling place outside of his/her home for reasons related to work, the dwelling place shall be considered the same as a home and insurance therefore covers normal travel between the home and dwelling place.

Insurance applies to all domestic and international travel on behalf of the employer.

Insurance shall cover accidents resulting from sports, competitions and games, provided that such activities take place on behalf of the employer or company union and that participation in such activities is considered a part of the employee's job. In this respect it does not matter whether the accident happens during or outside of typical working hours. Accidents that occur during boxing, wrestling of any sort, motor sports, snowkiting, hang gliding, bungee jumping, mountain climbing that requires special equipment, abseiling, skin diving and parachuting.

Insurance does not pay compensation for accidents incurred through the use of motor vehicles that require registration in Iceland and are liable for damages under mandatory vehicle insurance, whether liability insurance or the driver's and owner's accident insurance pursuant to traffic laws.

9.7.2. Entry into effect and expiration of insurance

An employee's insurance enters into effect when he/she begins working for the employer (i.e. is registered on the payroll) and expires when his/her employment ends.

9.7.3. Index and indexation of benefits

Insurance amounts are according to consumer price index for indexation in effect as of April 1, 2019 (462.9 points) and change on the first day of every month in proportion to the change of the index.

Settlement amounts are calculated on the basis of insurance amounts on the day of the accident and change according with the consumer price index for indexation as follows:

Settlement amounts change in direct proportion to the change in the index from the day of the accident to the settlement date.

9.7.4. Death benefits

In the event that an accident causes the death of the insured within three years of the day of the accident, the beneficiary receives death benefits less the amount deducted for permanent medical disability due to the same accident.

From April 1, 2019, death benefits will be:

1. To the surviving partner, ISK 8,190,021.

   Partner refers to an individual married to, in a registered partnership or a domestic partnership with the deceased.
2. To every child below the age of majority of whom the deceased had custody or to whom the deceased paid child support pursuant to Children's Act No. 76/2003, benefits shall be equal to the total amount of child allowance under the Social Security Code to which the child would have been entitled as a result of the death until the age of 18. This is a lump sum compensation. Benefits shall be calculated according to the amount of child allowance on the day of death. Benefits to each child must never amount to less than ISK 3,276,008. Benefits to children shall be paid out to the person who has custody of the children after the death of the insured. To each youth aged 18-

   22 who is domiciled at the same address as the deceased and verifiably received his/her support, benefits shall amount to ISK

   819,002. If the deceased was the child's or youth's sole provider, benefits increase by 100%.
3. If the deceased verifiably provided for a parent or parents aged 67 or older, the surviving parent or parents shall collectively receive benefits amounting to ISK 819,002.
4. If the deceased did not have a partner cf. item 1, death benefits amounting to ISK 819,002 are paid to the estate of the deceased.

9.7.5. Permanent disability benefits

Benefits for permanent disability are paid in proportion to the medical consequences of the accident. Permanent disability shall be assessed at a level according to the table on degree of injury published by the Disability Assessment Committee and the assessment shall be based on the health status of the injured person once his/her condition has stabilised.

Basic disability benefits amount to ISK 18,673,248. Benefits for permanent disability shall be calculated so that for each disability level from 1-25, ISK 186,732 are payable, for each disability level from 26-50 ISK 373,465 are payable, for each disability level from 50-100 ISK 746,930 are payable. Benefits for 100% permanent disability therefore amount to ISK 51,351,433.

Disability benefits shall also take into account the age of the person injured on the day of the accident so that benefits decrease by 2% for every year after

the age of 50. After the age of 70, benefits decrease by 5% of the basic amount for every year. Age indexing of disability benefits must never result in a reduction of more than 90%.

9.7.6. Temporary disability benefits

In the event that an accident results in temporary disability, insurance shall pay a per diem allowance proportionate to the loss of capacity to work four weeks from when the accident happened until the employee is able to work again, or until a disability assessment has been performed, but no longer than for 37 weeks.

The per diem allowance for temporary disability is ISK 40,950 per week. If the employee is partially able to work, the per diem allowance is proportionate.

Per diem allowance from insurance is paid to the employer while the employee receives wages according to a collective agreement or employment contract and then to the employee.

9.7.7. Insurance obligation

All employers are required to purchase insurance from an insurance company licensed to operate in Iceland and which satisfies the above criteria of the collective agreement concerning accident insurance.

In other respects than those specified in this chapter of the agreement, insurance is subject to the terms of the insurance company in question and the Act on Insurance Contracts No. 30/2004.

Protocol regarding incapacity for work due to illness

The parties agree that, in addition to incidents of illness and accidents, the sickness entitlements under this agreement come into effect if the employee requires urgent and necessary medical treatment to mitigate or eliminate the consequences of a disease that could foreseeably result in an inability to work.

The above definition does not include a change in the concept of disease according to labour law as it has been interpreted by the courts. However, the parties agree that the procedures an employee must undergo in order to mitigate the consequences of a work accident bring sickness entitlements pursuant to this agreement into effect.

Protocol on medical certificates

The agreeing parties shall request that the Minister of Health advocate for amending the rules on medical certificates. Special medical certificates shall be required in instances of long-term absence. If an employee has been unable to work due to disease or accident for four consecutive weeks, a medical certificate should offer an opinion regarding whether vocational rehabilitation is necessary to achieve or expedite recovery. [2008]

10. CHAPTER
Work Attire

10.1. Work attire

10.1.1. Employees shall always be cleanly and tidily dressed. If employees are requested to wear special work attire, certain colours or type of clothing, the employer shall make such attire available as needed at no cost to the employees. The attire shall be the property of the employer and used exclusively during working hours.

In workplaces that require special work attire, it is forbidden to discriminate against employees on the basis of sex, sexual orientation or gender identity in matters pertaining to attire.

10.1.2. General workwear

The employer shall provide employees with smocks, protective aprons and gloves as needed.

10.1.3. Maintenance and cleaning

The employer shall take care of maintenance and cleaning of work attire, which he/she provides and is his/her property.

10.1.4. Doormen/Night guards

Doormen shall be provided uniforms, which are company property, and the company takes care of cleaning and maintenance of uniforms as necessary. Doormen working outside the doors of the premises shall be provided protective attire according to circumstances and weather conditions.

Night guards required to wear uniforms shall be provided with them in the same manner.

10.2. Damage to clothing and items

10.2.1. If an employer suffers verifiable damage to common essential clothing and items in the course of his/her work, such as watches, glasses etc., the employee shall be compensated according to an assessment.

10.2.2. The same applies if an employee suffers damage to clothing caused by chemical substances, including dust binding agents (calcium chloride).

10.2.3. If an employee suffers damage (loss of protective clothing, etc.) as a result of a fire in the workplace, he/she shall be compensated according to an assessment.

11. CHAPTER
Premiums for sickness, holiday, vocational training, pension and vocational rehabilitation funds

11.1. Sickness benefit fund

Employers pay into their respective labour union's sickness benefit fund, which accounts for 1% of all employees' wages in order to cover sickness and medical expenses.

11.2. Holiday home fund

11.2.1. Employers pay 0.25% of the same amount to the respective union's holiday home fund.

11.2.2. Labour unions are authorised to negotiate with the boards of pension funds regarding the collection of sickness pay and holiday home funds at the same time as pension fund premiums.

11.3. Vocational training fund

Employers shall pay 0.3% into the respective vocational training fund; Starfsafl — vocational training for the Icelandic Confederation of Enterprises (Samtök atvinnulífsins) and Flóabandalagið.

In other respects, refer to the agreement on vocational training matters.

11.4. Pension fund

11.4.1. The agreement on pension funds between the Icelandic Confederation of Labour (ASÍ) and Confederation of Icelandic Enterprises (SA) of May 19, 1969, with subsequent amendments, shall apply between the parties as appropriate, as shall the ASÍ and VSÍ agreement on pension matters of December 12 ,1995.

11.4.2. Employees pay a premium of 4% of all wages into a pension fund and the employer pays 11.5% in the same manner.

11.4.3. Additional contributions to pension savings

11.4.3.1 If an employee makes an additional contribution of at least 2% to a pension fund (occupational or personal pension fund), the employer shall match this contribution with 2%.

11.5. Vocational rehabilitation fund

11.5.1.	Employers	pay a contribution to Virk – Vocational Rehabilitation Fund, cf. Act No. 60/2012.

12. CHAPTER
Union Dues

12.1. Union dues

Employers collect membership dues from members of respective labour unions in accordance with union rules, as a percentage of wages or a fixed amount. These dues shall be submitted to the union on a monthly basis and the deadline is the last business day of the following month. Dues may be submitted along with pension fund contributions.

13. CHAPTER
Termination Period and Rehiring

13.1. Termination period

There is no termination period during the first two weeks of employment.

After two weeks of continuous employment with the same employer, the termination period is: 12 calendar days.

After 3 consecutive months at the same employer, the termination period is: 1 month as of the end of the current month.

After 2 years of continuous employment at the same employer, the termination period is: 2 months as of the end of the current month

After 3 consecutive years at the same employer, the termination period is: 3 months as of the end of the current month.

Termination period is reciprocal.

The provisions of Article 13.1 fully supersede the provisions of Article 1 of Act No. 19/1979 on termination periods.

13.2. Termination process

13.2.1. General information regarding dismissal from employment

Termination period is reciprocal. All dismissals shall be made in writing and in the same language as the employee's employment contract. [1]

13.2.2. Interview about reasons for dismissal

The employee is entitled to an interview about the end of his/her employment and the reasons for dismissal. A request for an interview shall be made within four days (i.e. 96 hours) of receiving notification of dismissal and shall take place within four days (96 hours) of the request.

Upon completion of an interview or within four days (96 hours), an employee may request written clarification of the reasons for dismissal. If the employer agrees to this request, he/she must comply within four days (96 hours).

If the employer does not agree with the employee's request for a written explanation, the employee is entitled to

[1] See also the agreement on mass redundancies, Article 13.6.

another meeting with the employer concerning reasons for dismissal in the presence of his/her union representative or other spokesman from his/her union, should the employee so wish.

13.2.3. Limitations on the authorisation to terminate employment pursuant to law

In terminating employment, consideration shall be made of legal provisions that limit an employer's right to freely terminate employment, incl. provisions on union representatives and safety representatives, pregnant women and parents on maternity/paternity leave, employers who have notified of paternity/maternity leave and parental leave and employees who hold family responsibilities.

Also to be taken into consideration are the provisions of Article 4 of Act No. 80/1938 on Trade Unions and Industrial Disputes, the Act on Equal Status and Equal Rights Irrespective of Gender, the Law on Part-Time Workers, the Law on Legal Status of Employees in the Case of New Ownership of Companies and the Consultation Obligation of the Law in Mass Redundancies.

Where an employee enjoys protection against dismissal under the law, the employer is required to provide written justification of the reasons for dismissal.

13.2.4. Penalties

Violations of the provisions of this chapter may result in liability for damages under general tort law.

13.2.5. If an employee who is hired for a particular job is transferred to a new job with a lower wage rate than the job for which he/she was hired, he/she shall retain the same wage rate stated in the notice of termination, unless he/she has been notified in advance of the transfer. This does not apply to jobs paid according to varying hourly rates and employees transferred between jobs according to workplace practice and the nature of the work.

13.3. End of employment

If the employee is dismissed after at least 10 years of continuous employment at the same company, the termination period is four months if the employee has reached the age of 55, 5 months if he/she has reached the age of 60 and 6 months if he/she has reached the age of 63. An employee may resign from his/her employment with three months' notice.

13.4. Accrued rights

Pursuant to Article 13.4, accrued rights refers to all rights related to period of service at the same employer pursuant to this agreement, incl. holiday entitlement, sickness entitlement and termination period.

13.4.1. The employee shall retain accrued rights if re-hired within one year. Accrued rights shall also reenter effect

after one month of employment if an employee is re-hired after more than one year but within three years.

13.4.2. An employee who has worked for one or more consecutive years with the same employer shall likewise have his/her accrued rights reinstated after three months of employment if re-hired after more than three years but within five years.

Accrued rights are also retained upon transfer of company ownership pursuant to the act on the legal status of employees during transfer of company ownership.

13.4.3. Rights accrued through work abroad

The period of service accrued by foreign employees in Iceland and Icelandic citizens who have worked abroad is transferrable with respect to the rights related to period of service guaranteed in the collective agreement, provided that the work abroad is deemed comparable.

Employees shall, upon hiring, provide proof of their period of service in the form of a certificate from their previous employer or by other equally verifiable means. If an employee cannot, upon hiring, present a certificate that satisfies the criteria pursuant to paragraphs 3 and 4, he/she may submit a new certificate within three months of hiring. Accrued rights then enter into effect as of and including the start of the following month. The employer shall verify receipt of such certificate.

Among other things, the certificate from the previous employer must specify:

- Name and identity of the employee in question.
- The name and identity of the company issuing the confirmation as well as phone number, e-mail address and name of the party responsible for its issue.
- A description of the work that the employee in question performed.
- When the employee began work with the company in question, when his/her employment ended, and whether/when there were any interruptions to his/her employment.

Certificates shall either be in English or translated into Icelandic by a state-authorised translator.

13.5. Maternity/paternity leave

Pursuant to the Act on Maternity/Paternity Leave and Parental Leave No. 95/2000, maternity/paternity leave shall be considered a part of the employee's period of service when assessing work-related rights, e.g. the right to time off and extension of holidays pursuant to collective agreements, pay raises due to seniority, sickness entitlement and termination period. The same applies if a woman must stop working during pregnancy for safety reasons, cf. the regulation on measures to improve the health and safety in

the workplace for women who are pregnant, have recently given birth or are breastfeeding.

Maternity/paternity leave is considered time worked when calculating holiday entitlement, i.e. the right to time off, but not when calculating holiday wages.

13.6. Agreement on mass redundancies

The agreeing parties agree that redundancies are best reserved for those employees whom the intention is to dismiss and not all employees or groups of employees. In view of this, the parties have reached the following agreement:

13.6.1. Scope of application

This agreement only covers the mass redundancy of permanent employees when the number of such employees to be dismissed over a 30-day period is:

At least 10 individuals in companies with 16-100 employees.
At least 10% of employees in companies with 100-300 employees.
At least 30 individuals in companies with 300 employees or more.

It is not considered a mass redundancy when employment ends according to the employment contracts made for a specific period of time or for special projects. This agreement does not apply to the dismissal of individual employees, to dismissals due to amendments to terms of employment without pending end of employment, nor to dismissal of ship crews.

13.6.2. Consultation

If an employer is considering a mass redundancy, he/she shall first consult the respective labour union representative in order to find ways to avoid redundancies to as great an extent as possible and to mitigate the ramifications of such redundancies. Where union representatives are not present, employers shall consult with an employee representative.

Union representatives are then entitled to information pertinent to the impending dismissals, particularly the reasons for dismissal, number of employees to be dismissed and when the dismissal is to be implemented.

13.6.3. Implementation of mass redundancies

If, in the opinion of the employer, mass redundancies cannot be avoided despite aiming to re-hire some employees without terminating their employment, a decision shall be made concerning those employees to be re-hired as soon as possible.

If re-hiring decisions have not been made and an employee has been notified that there is no possibility of re-hiring with at least 2/3 of the employee in question's termination period remaining, his/her termination period is extended by one month if the termination period is three months, by three weeks if the termination period is two months, and approx. two weeks if the termination period is one month.

This provision covers employees who have accrued a termination period of at least one month.

Notwithstanding the provisions of this Article, notification of re-hiring may be conditional so that the employer may continue the operations for which the employee was hired without resulting in an extension of the termination period.

Mass redundancies are otherwise covered by the provisions of legislation on mass redundancy in effect at any given time.

Protocol on procedures for dismissal from the workplace

By agreement between ASÍ and AS dated February 17, 2008, a settlement was reached between parties concerning the procedures for dismissal from the workplace. Accordingly, employees are entitled to an interview with his/her employer concerning the reasons for dismissal by request. It bears repeating that the employer's right to freely terminate employment is subject to certain limitations pursuant to law. The parties also agree to practice good procedures for dismissal from the workplace and will for this purpose work together to create instructional material to be completed before the end of 2008. [2008]

14. CHAPTER
Union representatives

14.1. Election of union representatives

Employees are authorised to elect one union representative for each workplace with 5-50 employees and two union representatives in employees number more than 50. When elections end, the respective labour union appoints the representatives. In the event that an election is not possible, the respective labour union shall appoint representatives. Union representatives are not elected or appointed for any longer than two years at a time.

In this regard, any company in which a group of people work together is considered a workplace. In cases where the company operates more than one workplace, the union representative must be given flexibility to perform his/her duties as a representative at all locations, otherwise more than one representative shall be elected to perform said duties.

14.2. Duties of union representatives

Union representatives shall, by consultation with the supervisor, be permitted to spend as much time as necessary to perform the duties with which they are entrusted by the employees or the workplace in question and/or the respective labour union in their role as representative, and their wages shall not be reduced for those reasons.

14.3. Documents accessible to union representatives

In matters of dispute, a union representative or union spokesman shall be authorised to review documents and work reports relating to the dispute. Such information shall be treated as confidential.

14.4. Facilities for union representatives

The union representative shall have access to a locked storage facility and a phone by consultation with the supervisor.

14.5. Workplace meetings

The union representative at each company shall be permitted to attend employee meetings at the workplace twice a year during

working hours. To the extent possible, meetings shall begin one hour before the end of daytime working hours. Meetings shall be announced in consultation with the respective labour union and company management with three days' notice, unless the matter of the meeting is urgent and directly related to a problem at the workplace. In such cases, notification one day in advance is sufficient. Employees' wages for the first hour of the meeting at not reduced for this reason.

In workplaces that have not appointed a union representative, a union spokesman may attend workplace employee meetings upon approval from company management. Efforts should be made to hold meetings at a time that does not disrupt company activities. The time and location of the meeting must be approved by company management before the meeting is announced.

14.6. Complaints by union representatives

The union representative shall present employee complaints to the supervisor or other company management before calling upon other parties.

14.7. Workshops for union representatives

Union representatives at the workplace shall have the option of attending courses or workshops to improve their performance in their job. For a total of one week per year, every union representative has the right to attend one or more courses/workshops organised by the labour union for the purpose of making union representatives better able to perform their duties. Those attending courses/workshops shall retain their income for daytime work for up to one week per year. In companies with more than 15 employees, union representatives shall retain their income from daytime work for up to two weeks during the first year. This applies to one union representative per year in every company with 5-50 employees and two union representatives in companies with more than 50 employees.

14.8. Right of union representatives to attend meetings

During collective bargaining negotiations, members of SGS affiliate unions who have been elected to negotiation committees are permitted to attend committee meetings during working hours. The same applies to representatives at the ASÍ/SGS annual meeting and representatives on the joint ASÍ/ASG and SA committees. Care should be taken that employee absences cause as little disruption as possible to their respective companies' activities, and the employer shall consult his/her supervisor regarding absences with as much advance notification as possible. In general, no more than 1-2 employees shall attend

from each company. Wages are not required to be paid for the time in which an employee is absent.

14.9. Rights of labour unions

This agreement on workplace union representatives does not infringe upon the rights of those labour unions whose agreements already guarantee rights beyond those stated her for union representatives at workplaces.

14.10 Consultation in companies

Act No. 151/2006 on Information and Consultation in Undertakings provides for the employer's obligation to inform and consult with employee representatives. The consultation duty applies to companies that have on average at least 50 employees, cf. SA and ASÍ's agreement on information and consultation in companies. The law assumes that the union representative represents the employees.

15. CHAPTER
Courses and workshops

15.1. Courses and workshops

15.1.1. If employees attend courses or workshops at their employer's request, the employer pays the course/workshop fee in addition to the employee's fixed wages if the course/workshop takes place during working hours. If a course or workshop is held outside working hours, hourly daytime wages are paid equivalent to the duration of the course or workshop.

15.1.2. Employees may devote up to 4 daytime working hours per year attending training courses eligible for a grant from Starfsafl, without any reduction of daytime hourly wages for a work pay given that at least half of the course/workshop hours take place in the employee's own time. Time for course/workshop attendance shall be decided with consideration to company activities.

15.1.3. The agreeing parties shall each appoint three people to a committee whose function is to organise and implement vocational training that benefits this industrial sector. The committee seeks to cooperate with the Education and Training Service Centre and other education centres, institutions and ministries as appropriate and considered desirable at any given time. The committee itself establishes working procedures.

16. CHAPTER
Handling of Disputes

16.1. Disputes

16.1.1. In the event of a dispute between the agreeing parties, the party that believes it has been treated unfairly shall submit a complaint to the board of the other party. They shall investigate the matters in dispute and settle them if possible. If the boards of both parties disagree on the final resolution of the dispute within one week of the complaint being submitted, the matter should be referred to a conciliation committee organised such that each party appoints one member and an alternate and the respective county magistrate appoints another, and these three people shall then try to settle the dispute. The committee must complete its work within seven days of the appointment of the third member.

16.1.2. Each agreeing party appoints two representatives to a joint committee to discuss disputes that may arise between employees and employers who are a part of the SGS and SA collective agreement, cf. the protocol on disputes.

Protocol on disputes

Joint committee on disputes

The parties agree to appoint a joint committee to discuss disputes that may arise between employers and employees who are a part of the SGS and SA collective agreement. Two representatives of SGS and two representatives of SA/SAF shall sit on the committee at all times. The committee is authorised to request documentation and information from the parties concerned, as appropriate to clarify cases and causes of action. The committee may request either or both parties to come before the committee to provide information and clarify matters. The committee shall reach a conclusion within two weeks of the receiving the case, unless there is a consensus withing the committee that more time is needed to reach a conclusion. If a party refuses to appear before the committee and provide clarification, the party who believes it has been treated unfairly is authorised to seek the assistance of the courts without further involvement of the committee. The committee shall keep minutes that state the conclusions of individual cases.

17. CHAPTER
Conditions for Agreement

17.1. Wages and Conditions Committee

A special Wages and Conditions Committee shall already be in operation. The committee shall consist of three representatives appointed by SA and three representatives jointly appointed by the negotiating committee of the unions that are a part of the collective agreement, dated April 3, 2019.

The committee's task is to assess the conditions of the collective agreement and its provisions on increased economic growth and pay rate increases.

17.2. Conditions for agreement

This main objective of this collective agreement is to encourage increased purchasing power and lower interest rates permanently. This agreement is based on the main premise that the purchasing power of wages shall increase during the term of the agreement according to the agreement's objective of raising the lowest wages, interest rates shall decrease and that the government's declaration issued in connection to the agreement shall be fully honoured. The parties agree that the agreement creates conditions for a substantial reduction in interest rates.

The conditions of the agreement are the following:

1. Purchasing power of wages shall have increased during the term of the agreement according to the Statistics Iceland wage index.
2. Interest rates shall reduce significantly until the September 2020 review of the agreement, and shall remain low throughout the term of the agreement.
3. The government shall stand by its promise according to the declarations "Government support for standard of living agreements" and "Government declaration on actions to mitigate the weight of indexation" which are issued in connection to this collective agreement.

<u>Evaluation of conditions</u>

The Wages and Conditions Committee shall assess whether the following conditions have been met:

In September 2020, the committee shall assess whether the conditions of purchasing power of wages pursuant to item 1, interest rate pursuant to item 2 and whether the government decisions, legislative amendments and funding promised in the government declarations pursuant to item 3 have been met.

The committee shall notify of whether these conditions have been met before the end of September, 2020.

In September 2021, the committee shall assess whether the conditions of purchasing power of wages pursuant to item 1, interest rate pursuant to item 2 and whether the government decisions, legislative amendments and funding promised in the government declarations pursuant to item 3 have been met. The committee shall notify of whether these conditions have been met before the end of September 2021.

Response to breach of conditions

If any of the aforementioned conditions are not met, a joint meeting of the aforementioned parties and the executive board of SA shall be called in order to seek ways of achieving the agreement's objectives and to seek agreement on a response to work towards maintaining its validity.

If there is no agreement on a response to a breach of conditions, the party that does not wish for the agreement to remain in force shall notify of the following:

For review in September 2020. Before 4:00 PM on September 30, 2020, the agreement expires on October 1, 2020.

For review in September 2021. Before 4:00 PM on September 30, the agreement expires on October 1,2021.

17.3. Wage guarantee due to wage developments

In the years 2020-2022, a wage rate increase due to wage developments is calculated annually, provided that certain conditions are met.

The Wage and Conditions Committee shall identify the reason for paying a wage rate increase on the basis of wage developments. The committee shall compare wage developments according to Statistics Iceland's wage index for the general labour market (corrected by a method pursuant to a proposal by Dr. Kim Zieschang described in his report, dated Nov. 5, 2018) with the relative change of the SGS's highest active wage bracket (wage bracket 17 after 5 years). The reference period of the comparison is month of December each year of the term of the agreement, for the first time December of 2019 to December of 2020. Results are made available in March of every year.

If the conclusion is such that the aforementioned wage index has increased more than the reference pay scale during the reference period, the committee shall determine a specific amount of ISK by which all wage rates of the parties in the collective agreement shall increase. This amount is calculated as a percentage of the excess increase of the aforementioned wage rate. A wage rate increase is added to the wage rate from May 1.

18. CHAPTER
Duration of Agreement

18.1. Duration

This agreement shall be in effect from April 1, 2019 to November 1, 2022 and shall thereafter expire without being specifically terminated.

Protocols and attachments

Protocol on interpreting services

In line with the increased number of foreign workers on the Icelandic labour market, the agreeing parties shall cooperate in defining the need for interpretive services and, where appropriate, prepare guidelines for companies on the matter. [2019]

Protocol on protection of those performing commissions of trust for labour unions

Agreeing parties agree that employees who perform commissions of trust for their labour union by sitting on the board, negotiating committee or council of representatives, and are in communication with their employer for their work as a representative, shall not be placed at a disadvantage due to their work as a representative cf. Article 4 of the Act on Trade Unions and Industrial Disputes No. 80/1938. [2019]

Protocol on rental property in connection with an employment contract

When an employer rents out accommodation to an employee in connection with employment, the provisions of Rent Act No. 36/1994 on the making and content of rental contracts apply.

A rental contract under the Rent Act shall be in writing and meet the requirements of Chapter II of the Rent Act, including on the rental cost, whether the contract is temporary or indefinite and what services are included in the rent.

This shall aim to ensure that employees do not pay higher rent than is generally the case and that the rental cost is fair and reasonable for both parties. In assessing whether the rental cost is fair and reasonable, the size, location, and condition of the property shall be taken into account as well as the rental cost according to registered rental contracts in the same area.

Accommodations shall be intended for residence and meet the requirements of facilities and health and safety.

In the event of an agreement that an employee does not pay rent for housing, the employee's wages must nevertheless be no lower than the minimum stated in the collective agreement pursuant to Article 1 of Act No. 55/1980.

This provision applies while the employee is on the payroll of the respective employer. [2019]

Protocol on competency assessment

Parties agree on the importance of the workplace as a place of learning. The developments and challenges in work in the near future, incl. those of the Fourth Industrial Revolution, further increase the importance of this fact. The economic sector and wage earners must work in unison to be able to meet these changes and thus strengthen the nation's competitiveness and social stability. Evaluating the skills, experience and the informal learning that an employee acquires in the workplace is an important vested interest issue, as it strengthens the position of those working in the labour market, the professional classes, companies and the nation in general in terms of knowledge level and progress.

Purposeful development and cultivation of competency assessment is a fundamental prerequisite for achieving these objectives, and the parties agree to place a strong emphasis on developing competency assessment during the term of the agreement. This applies to competency assessment at work as well as learning within the formal educational system.

Assessing competency can be an impetus for people in the labour market of various sectors to develop professionally, complete formal education and to further advance their competency [2019].

Protocol on pay systems

The agreeing parties aim to implement a new pay system as a part of the collective agreement. Its main objective is for decisions on wages within companies to be objective and flexible. The pay system will be an option for implementation at workplaces as an authorised exception under chapter 5 of the collective agreements. The provisions of chapter 5 apply in all respects to the adoption of a new pay system in companies. The relevant labour union or labour unions must ensure that agreed-upon exceptions and remuneration for them, evaluated as a whole, comply with the provisions of law and the collectives agreements on minimum wages and terms of employment, cf. the provisions thereof in chapter 5.

1. Basis

It is the common understanding of the agreeing parties that the efficient operation of companies is a prerequisite for good terms of employment for workers and reasonable working hours. Continuous reforms contributing to increased productivity and efficiency ensure companies' operation and competitiveness. One aspect of competitiveness is that companies' wage setting relates to measurable performance factors in a pay system developed in cooperation between parties of the collective agreement.

2. Objectives

The aim of a new pay system is to objectively categorise jobs, increase the number of factors considered when setting wages for jobs, and to provide clear criteria for wage setting and wage development of individual employees. With the new wage system, employees and employers have a powerful tool for promoting increased education and professional development, transparency and job satisfaction. At the same time, there will be clearer incentives for workers to develop professionally.

Successful development and implementation of a new pay system can contribute to increased vocational training and professional development as well as transparency in the wage structure. This involves purposefully defining how assessment of jobs, roles, skills, responsibility and performance creates a foundation for wage setting and increased benefits for employees and companies.

The Act on the Equal Status and Rights of Women and Men No. 10/2008 requires that the pay systems and wage setting of companies of 25 employees or more are based on objective and transparent metrics. In accordance with the Act, companies shall implement an equal pay standard during the 2019-2022 period and a new pay system will facilitate that implementation. It is preferred that smaller companies base their pay systems upon comparable criteria.

3. The project

The project consists in developing a simple and accessible pay system that relies on few but clear factors that can be used by companies of all sizes and types. In order to base the pay system on appropriate metrics, it must reflect companies' varying needs. The pay system thus does not include a definitive definition of metrics or weighting of individual factors, but rather serves as a framework which staff and management can jointly develop and adapt to the needs of each workplace according to the authority vested in the collective agreements.

The new pay system is intended to support and parallel other developments in the labour market and in the education system. Among other things, this applies to competency assessments at work and the implementation of an equal pay certification. Further development of the system and the definition of criteria will take into account, among other things, the Icelandic Qualification Framework. The starting point is to create a basis for wage setting according to the nature of the job and the employee's qualifications regardless of job title, which will not be a part of this system.

The system is based on five main factors, each of which contains more detailed criteria. The factors relate to both the job and the individual. On the basis of these factors and the criteria within them, a foundation is created for wage setting and the factors and criteria within each factor. The categories and examples of possible stages in each category are:

Job-related factors

- *Role.* The criteria within this factor include e.g. the nature of work and position in the workplace, task management, supervision of training and the reception of new employees.
- *Responsibility.* Responsibility for projects, people, machines, devices, etc.
- *Independence.* A requirement for autonomy in work, which may relate to the job as a whole or individual aspects.

Individual factors

- Experience and knowledge. Additional knowledge, experience and training that is of use 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 enters into effect, the parties will begin to work jointly on the development of a new pay system.

The agreeing parties shall appoint a task force consisting of three spokesmen for the labour unions, i.e. one from each of the following: SGS, VR and skilled tradesmen's unions, and three spokesmen from the Federation of Icelandic Enterprises. The task force is responsible for implementing the project and completing it within the required time. Among other things, this includes the authorisation to temporarily hire a specialist.

The work involves the elaboration of the factors and criteria that create a new pay system with respect to the basis set forth above. This includes, among other things, a more precise clarification of the criteria and how they directly relate to the setting of wages.

Upon completion of the development of the pay system, a second phase of creating promotional material and doing promotional work begins [2019].

Protocol on the implementation of the agreement

Tourism in Iceland is developing rapidly and the number of people working under tourism agreements has seen a great increase, as has the number of employers in the industry who need to implement the agreement. There has been some failure to properly implement the agreement, in most cases where employers and workers are not adequately familiar with its provisions.

Upon adopting this agreement, the agreeing parties will therefore work together to present the main provisions of the agreement to employers and workers with the aim of ensuring its proper implementation. Special consideration will be given to wages, payment of premiums, deductions from wages and the organisation of working hours. Attention shall be drawn to provisions on the beginning and end of shifts and payment of wages beyond the working hours specified in the shift plan.

The agreeing parties, moreover, agree on the importance of finalising written confirmation of employment before the first wages are settled, so that the employee is clear on the terms of his/her employment, whether he/she is to work under the provisions on shift work or hourly pay. [2015]

Protocol on flexible retirement

Agreeing parties agree on the importance of employees having the option of certain flexibility when it comes to retirement due to age. The needs and conditions of people in the labour market vary, and with an increasing life expectancy and improved health status, it is common for people to maintain a full capacity for work and wish to participate in the labour market beyond the retirement age. Flexibility in retirement may be include a reduced employment percentage during the last years of working life as well as permission to continue working beyond retirement age for those who possess full working capacity and the desire to remain active in the labour market. It is important to take into account each person's situation.

Flexible retirement age has been a matter of consideration by a committee whose function is to review the Social Security Act, and to which representatives of the labour market are party. The committee agrees that legislation should promote increased individual flexibility and has, among other things, discussed increasing retirement age to 70 years in stages, authorising the deferral of taking out pension until the age of 80 instead of 72, at an increased monthly pension for the individual in question.

In recent decades, life expectancy and the average life span have increased around the world. More and more people are living longer and are more healthy in their older years. This trend calls for a reassessment of retirement age. For these reasons, most of our neighbouring countries have raised retirement age. [2015]

The value of work for people's mental and physical well-being is unequivocal and the understanding of this fact is increasing. The labour contribution of older workers is important and is growing, as the natural increase in number of employees on the labour market drops due to changing age distribution. [2015]

Protocol on assessment of education for wages

Agreeing parties will work to assess education/competency for wages in two steps, on the basis of competency analysis for jobs. Both parties will be involved in developing a plan for analysis of jobs, in consultation with the Education and Training Service Centre, in which a job's competency factors are set in a syllabus.

A committee consisting of members of the agreeing parties, three from ASÍ and three from SA, will begin work no later than autumn of 2015. Work will continue on the basis of the proposals formulated by the contracting parties in anticipation of collective agreements. Courses and competency assessment are scheduled to launch on the basis of this work in autumn of 2016.

Prior to October 1, 2016, it shall be made clear how competencies assessed for work are to be remunerated. [2015]

Protocol on continuous employment and accrued rights

In the understanding of collective agreements, "continuous employment" refers to the employee having been in a continuous employment relationship regardless of whether or not he/she has temporarily fallen off the payroll. However, a period without payment is not considered part of the employment period for purposes of accrual of rights if the law or collective agreements do not stipulate otherwise, cf. e.g. statutory maternity/paternity leave. [2015]

Protocol on tooth damage due to work accidents

The parties will jointly request that insurance companies amend insurance conditions for workers in such a way that covers necessary costs beyond contributions under the Social Security Act of a broken tooth due to a work accident. The proviso is otherwise covered under the Social Security Act and terms of insurance companies. [2015]

Protocol on the review of holiday allowance legislation

During the term of the agreement, the parties will jointly request that the government review holiday allowance legislation that holiday laws be subject to review with a view to clearly stipulating the rights and obligations of the parties. [2015]

Protocol on written confirmation of employment

The parties agree that there has been some failure to provide written employment contracts or to confirm employment in writing in accordance with collective agreements' provisions on employment contracts and letters of employment. During the term of the agreement, the agreeing parties will work to introduce employers' obligations and workers' rights pursuant to these provisions. Before the end of 2015, the parties will perform an audit of the implementation of the provision and its efficacy and review it in light of this audit. The new provisions on penalties are intended to respond to criticisms from the EFTA Surveillance Authority (ESA). If the ESA provision is not deemed satisfactory, the agreeing parties will respond immediately by initiating negotiations. [2014]

Protocol on doormen and security guards

The Federation of General and Special Workers in Iceland (SGS) and the Icelandic Travel Industry Association (SAF) agree that the safety of doormen and security guard must be ensured to the highest possible extent during their work. The report by SGS and FA on doormen's and security guards' affairs shall be taken into consideration and a task force concerning such affairs shall be established. Those who work at busy entertainment venues and restaurants that are open past midnight shall be given special attention. Efforts will be made across the country to ensure that doormen and security guards have the option to attend a standardised training course based on the task force's conclusions.

SGS and SAF agree to inform and encourage entertainment venue and restaurant owners to perform a risk assessment where the need for knife vests will be examined separately with the purpose of increasing the safety of employees. Such security attire will be specifically discussed in a approved courses that doormen and security guards are intended to attend pursuant to Regulation No. 1277/2016. [2011]

Protocol on general wage increase

The agreed-upon general wage increase in the collective agreements of ASÍ and SA's affiliate unions refers to the minimum increase of the regular wages an employee earns on the day in which the increase pursuant to the collective agreement is to come into effect, regardless of the employee in questions' wages.

It is not permitted to reduce or cancel overpayments by refusing to pay out general wage increases. Overpayments shall therefore only be reduced or cancelled in compliance with the provisions of the collective agreement. However, this provision does not prevent companies from being able to, through wage decisions, accelerate increases through special decisions and then, by predictable and predetermined means, taking into account unimplemented general increases over the next 12 months. The employee

must be made clear in advance by verifiable means that this is an expedited general wage increase pursuant to the collective agreement. [2011]

Protocol on sickness and rehabilitation matters

The agreeing parties resolve to review the structure of preventative health care services and occupational health and safety.

The objective is to encourage response to illness in a predictable manner and that an employee who falls ill is offered the appropriate resources as soon as possible. This includes, among other things, increased flexibility in the labour market to ensure that persons who fall ill or sustain injury and in active vocational rehabilitation have the option of returning to work to the extent that their ability to work allows at any given time.

It is clear that this objective is only attainable if there is mutual trust between employers and employees in arrangements for notification of illness, employees' return after illness, preventative health care services in companies, etc.

The agreeing parties participate in a steering committee headed by VIRK, whose aim is to work towards the objectives stated above.

Special attention will be given to a development project on prevention and vocational rehabilitation, to be launched by VIRK. The contracting parties will use the experience and knowledge obtained from this project in its work.

The contracting parties will support those working on the development project and advise them on matters of opinion that may arise during the project that pertain to rights and obligations in the labour market under the law and the collective agreement. [2011]

Protocol on provisions for itemisation of payslips

The parties agree to make an effort that companies comply with provisions on the itemisation of information on payslips in accordance with provisions in the collective agreement. The information shall be detailed and clear.

Protocol on notifying a company physician/occupational health and safety service provider

The agreeing parties believe that the development of preventative health care services and occupational health and safety are important for the labour market. It is important to guide the development of services in this field in a positive direction so that it produces results for employees and companies.

The agreeing parties will appoint a negotiating committee whose role is to reach agreement on more detailed arrangements regarding reporting illness to a company physician/occupational health and safety service provider.

The negotiating committee shall discuss among other things the following points:

- The criteria that a company physician/occupational health and safety service provider must satisfy.
- Arrangements for employees to notify an occupational health and safety service provider of absence due to illness or accident, should the employer adopt such an arrangement, provided that, all other things being equal, such notification takes the place of a medical certificate.
- Obligation of confidentiality and handling of personally-identifiable information that a company physician/service provider collects through their activities. This applies to collection, handling, storage and deletion of this information.
- How the activities of company physicians/service providers can benefit companies' occupational health and safety practices.

The negotiating committee will cooperate with the Data Protection Authority, the Director of Health, the Administration of Occupational Safety and Health and stakeholders.

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

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

If the agreeing parties come to a joint conclusion, their agreement shall be considered part of the collective agreement of their affiliate organisations and shall enter into effect on January 1, 2009.

During the above-mentioned work, the agreeing parties do not object to the activities of occupational health and safety service providers who are recognised by the Administration of Occupational Safety and Health's as a service provider in this field, nor to employee's obligation to notify them. [2008]

Protocol on shift work

In order for an employee to be considered hired for shift work pursuant to chapter 3.1., the conditions of that chapter must be met. Particular emphasis is placed on the provisions of Article 3.1.3. stating that an employee's employment contract/letter of employment must be clear that they are working according to a predetermined work arrangement in accordance with the existing shift schedule. Employees shall be given the shift schedule in a verifiable manner, such as on paper or electronically. [2011]

21. Article 21 of Regulation No. 1277/2016

Qualifications for doormen

Noone may perform the duties of a doorman unless approved by the Chief of

Police. Doormen shall satisfy the following general criteria:

a) Be at least 20 years old.

b) Have not been found guilty of offences relating to violence or drugs in the past five years. A criminal record shall be submitted for confirmation. Foreign nationals shall submit criminal records from their home country.

In other respects, the Chief of Police assesses who is to be considered qualified to perform the duty of doormen.

The National Police Commissioner is authorised to stipulate that noone shall work as a doorman unless he/she has completed an approved training course for doormen. The National Police Commissioner may establish more detailed rules on the subject matter of such courses and more detailed stipulations on eligibility criteria for doormen.

Winter holidays for shift workers

General

Full-time employees who perform regular shift work earn 12 winter holiday days per year for contractual public holidays and special days that fall on Mondays through Fridays during the work week. Winter holiday days are not granted for public holidays that fall on Saturdays or Sundays, or if the workplace is closed on a holiday.

What is the basis for the winter holiday entitlement?

The right of shift workers to winter holidays is based on the fact that shift workers' work year is equal to that of day workers whose work is performed during daytime working hours from Monday to Friday. Day workers employed on a permanent basis receive time off on contractual holidays that fall within the work week (Mondays — Fridays), but receive pay for full daytime work. For example, Thursday is a holiday. A day worker works four days that week, or 32 hours, but is paid for 40 hours of daytime work. Shift workers work 40 hours per week on average during shifts and the shift schedule is not amended though a contractual holiday falls during the week. Shift workers therefore work 40 hours on shift that week, regardless of holidays. In order for the status of shift worker to be equal to that of day workers, shift workers earn one winter holiday day for each day that falls withing daytime worker's work week. Instead of receiving a day off immediately on contractual holidays, they accumulate and are granted together as winter holidays.

Which public holidays count towards winter holiday entitlement?

When holidays pursuant to Articles 2.3.1. and 2.3.2. of the collective agreement fall on or between Monday to Friday, they count towards winter holiday entitlement. When they fall on a weekend (Saturday or Sunday), they do not count towards entitlement for daytime workers or shift workers.

If no operations on a public holiday

If the workplace is closed on a contractual holiday that falls on/between Monday to Friday or a holiday is granted on that day, the corresponding number of days is deducted from winter holidays, unless an employee is due an accrued free shift. This means that if a workplace is closed on e.g. June 17, the number of winter holiday days of those workers who should have worked that day is reduced by one. The same applies if an employee takes a day off on a public holiday when he/she should be working according to the shift schedule. If an employee is takes an accrued shift off on a day when the workplace is closed, he/she does not lose his/her right to the winter holiday day, as he/she has already worked for a full work week.

The right to take winter holidays is not solely determined by work on a holiday, but instead by whether the employee has worked for a full work week (40 hours) during a week in which the public holiday falls on/between Monday to Friday. For that reason, an employee earns

the right to a winder holiday day despite having taken a free shift on a public holiday, provided that he/she has worked a full work week during that week.

Accrual period and taking winter holidays

Winter holiday days shall be granted between October 1 and May 1. Accrual of winter holiday days is based on the period from October 1 to September 30. A common misunderstanding is that one winter holiday day is accrued for every month worked. This is potentially attributable to the fact that there are both 12 agreed-upon winter holiday days and 12 months in a year. The correct calculation is that winter holiday days are accrued based on the number of public holidays per month that an employee works.

If an employee works for a part of the year, his/her accrued winter holidays are calculated according to the calendar year based on the period in which he/she has worked. For example, an employee begins working in June of 2004 and works until the end of August. There is one public holiday in June that falls on a work day and one in August. The employee is then entitled to payment for 16 hours of daytime work at the end of his/her employment, provided that he/she has not had a day off on daytime working wages for two working days before his/her employment ends.

It should be noted that if days off that fall on/between Monday to Friday are calculated according to the calendar, they number between 9 and 13 per year. According to a calculation based on a 400-year period, there are 11.21 holiday days that fall on/between Monday to Friday, but for purposes of the collective agreement, the number of days decided upon is 12.

Payments during winter holidays

Winter holiday days are paid as daytime work. Shift workers receive the same payment as day workers for those contractual holidays that fall on/between Monday to Friday. Employees on shift on those days receive a higher shift premium for shifts worked on holidays than shifts on regular work days. An employee working full time year round who earns 12 winter holiday days receives payment for 8 hours of daytime work for each accrued day. This amounts to payment for a total of 96 daytime working hours. If employees work 12-hour shifts, they earn 8 shifts off on daytime working rates (96/12). Premiums are not paid when winter holiday days are taken.

Payout of winter holiday without taking time off

The principle is that workers take paid winter holidays.

By agreement between employer and employee, other rules for settlement of special holidays/major public holidays for shift workers may be employed.

Instead of winter holidays, shift workers may be paid for 8 hours of daytime work (based on full-time employment) for every special holiday/major public holiday that lands on a weekday. Part-time workers are paid according to rate of employment.

The payment policy applies when an employee works on a day off/major public holiday (on a weekday) and when the employee is on an accrued shift day off (on a weekday) and has thereby performed his/her full work quota according to rate of employment.

The right to payment is therefore determined not by whether the employee works on particular days off/major public holidays, but instead by whether he/she has satisfied a full work quota according to his/her rate of employment during the week in question.

Attachment with agreement on wages in foreign currency - agreement form

The Company ehf., ID no. xxxxxx-xxxx on the one hand, and _____

ID no. _____ on the other hand, enter into an agreement to link part of the wages to a foreign currency exchange rates or payment of part of the wages in foreign currency, on the basis of the provision of a collective agreement _____ to that effect.

Linking to foreign currency or payment in foreign currency: Linking

☐ part of wages to foreign currency

☐ Payment of part of wages in foreign

currency Currency:

☐ EUR

☐ USD

☐ GBP

☐ Other currency, which _____

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 with foreign currency

Percentage of wages paid in/linked to foreign currency:

☐ 10%

☐ 20%

☐ 30%

☐ 40%

☐ Other percentage, what_____

This agreement is prepared in duplicate and each party shall retain one copy.

Date: _____

On behalf of the company Employee

[2008] _____ _____

Protocol on the legal status of employees during transfer of ownership of a company

The parties to the agreement agree that transfer of company ownership or merger of companies cannot change terms of employment, including employees' holiday and sickness entitlement, unless the employment contract has already been terminated. The parties' reciprocal termination period does not change with transfer of company ownership.

The parties agree that the previous owner notify of proposed changes in operations or sale of the company with as much advance notice as possible.

Upon transfer of company ownership, the new owner enters into the rights and obligations of the previous owners towards employees, unless specifically agreed otherwise with the previous owners. If the new owner considers him/herself not bound by the previous owner's employment contracts, he/she must notify the employee immediately upon assuming company operation. In this case, the previous owner is obligated to pay employees for the termination period pursuant to the employment contract or collective agreement.

Corresponding rules apply to the lease of a company as well as the sale or lease of a company after bankruptcy, provided that the contract covers operation of the company and not solely to premises, appliances and other equipment.

Conversion of holidays into workdays

An employee's accrued holiday days correspond to a certain number of working days (shifts) off. The following table shows free shift credit according to four different working arrangements (shift systems).

Working arrangement

Holiday days credit	*Work holidays 5 / 2*	*Work holidays 1 / 1*	*Work holidays 4 / 2*	*Work holidays 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

Agreement on foreigners in the Icelandic labour market

The Icelandic Confederation of Labour and the Confederation of Icelandic Enterprises have agreed upon the following procedure in disputes concerning foreign employees.

Criteria and joint objectives

The associations agree that Iceland's obligations pursuant to the EEA agreement on the free movement of goods, capital, services and people across national borders have a positive impact on individual and corporate interests in Iceland, concurrent with an increased supply of products and services, dissemination of knowledge between countries, increased competition between companies, progress in various domains of society and increase in number of jobs.

The EEA agreement allows citizens of member states to travel between countries for work without a permit. Companies established there also have the right to provide services in other member states with their own employees without a special permit. Citizens of EFTA states have essentially the same right under the EFTA agreement.

The main rule is that other foreigners (third-country citizens) are not employed to work in Iceland without a work permit.

The parties to this agreement are of the opinion that changes to the composition of the workforce due to an increased number of foreigners in the Icelandic labour market should not disrupt existing arrangements for decisions on wages and other labour conditions for workers through collective agreements. The current rules for the implementation of collective agreements will remain in force.

It is the joint task of the parties to encourage companies that employ foreign workers in production and services pay wages and uphold terms of employment consistent with Icelandic law and collective agreements.

Failure to respect collective agreements undermines the activity of other companies and damages the premises of normal competition, reducing benefits of a reliable and healthy economic life for all of society.

The parties agree that the adaptation of a foreign workforce and foreign companies to the habits and customs of the Icelandic society and labour market is conducive to creating trust and peace in relations between parties.

Workers' rights to perform specific jobs is largely legally subject to conditions that the employee in question has completed a specific education or obtained specific authorisation to be allowed to work in the industry. The EEA agreement establishes the right of foreign workers to have education, professional qualifications and work experience obtained in another EEA state recognised in Iceland under the laws and regulations applicable thereto.

Principles on terms of employment for foreigners

With this agreement, the Icelandic Confederation of Labour and the Confederation of Icelandic Enterprises wish to ensure that existing laws on terms of employment for foreigners in the Icelandic labour market are implemented. These rules are found in the following areas in particular:

Wages and other terms of employment. The Act on Working Terms and Pension Rights No. 55/1980 provides that wages and other terms of employment negotiated by the member organisations of the labour market shall be the minimum standard, irrespective 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 Foreign Workers Posted Temporarily in Iceland in the Service of Foreign Undertakings No. 54/2001 [2] provides, among other things, that employees shall, while working in Iceland, enjoy wages bound by collective agreement, holiday entitlements and rules concerning of facilities, hygiene and safety at the workplace.

Free movement of workers. The EEA agreement and the Act on the Free Right of Employment and Residence Within the EEA No. 47/1993 stipulates that workers who are citizens of an EEA state other than that in which they work may not be placed at a disadvantage with concern to employment and working conditions, in particular and especially as regards wage conditions, due to their nationality.

Work permits for nationals of third states. The Act on Foreign Nationals' Right to Work No. 97/2002 provides that a work permit grants the right to work in Iceland under the laws and regulations that apply in the Icelandic labour market and that there is an employment contract guaranteeing an employee wages and other terms of employment equal to those who do not require a work permit, cf. Act No. 55/1980.

Information on wages and other terms of employment for foreign workers

It is the role of union representatives at the workplace to ensure that the acts of collective agreements are upheld with respect to employees, cf. Article 9 of Act No. 80/1938.

If there is justifiable reason to suspect a breach of the collective agreement in question or of legislation governing terms of employment for foreign workers, the union representative, on the basis of this agreement, is entitled to review documentation on wages or other terms of employment of those foreign workers covered by the collective agreement and work for the employer in question and, as appropriate, the vocational qualifications of those who are in jobs that require such qualification.

In the absence of a union representative, a spokesman of the labour union in question has the same authority as the representative to review documentation and carries the same obligations.

The information shall, as a rule, be provided in such a manner that the union representative is allowed to view copies of payslips or other documentation that confirm payment of wages and other terms of employment for the employees concerned. The union representative is not authorised to bring the information out of the workplace. The union representative shall maintain confidentiality about the information he/she is provided. The union representative is authorised to consult

[2] *Now Act No. 45/2007 on the rights and obligations of foreign undertakings that post workers temporarily in Iceland and on their workers' terms and conditions of employment.*

with the labour union concerned, and the spokesmen of the union must exercise the utmost confidentiality concerning the information to which they are made privy.

If the employer does not agree to the union representative's request to provide access to information on wages and other terms of employment for a foreign worker and/or there is dispute about whether the provisions of law or collective agreements are respected, cf. Act No. 55/1980, Act No. 54/2001 [3] and Regulation No. 1612/68/EEC on the free movement of workers, cf. Act No. 47/1993, and having failed to resolve that dispute within a company, that dispute may be referred to a special consultative committee of ASÍ and SA.

ASÍ and SA Consultative Committee

The ASÍ and SA Consultative Committee that handles foreigners' affairs under this agreement shall be composed of four representatives, two appointed by ASÍ and the national association concerned and two representatives appointed by SA.

The Consultative Committee shall endeavour to clarify matters referred to it pursuant to the abovementioned rules and to resolve disputes through negotiations within the committee.

Matters referred to the committee shall be considered by the committee within two weeks unless specific reasons prevent this.

In examining a case, the committee may require the necessary documentation from the employer in question concerning the wages or other terms of employment of the foreign workers involved and, as appropriate, for the professional qualifications of those in jobs requiring such qualifications. This authorisation covers those foreign workers covered by the collective agreements of ASÍ member associations, cf. Article 1 of Act No. 55/1980.

A union representative or spokesman for the union who is acting in place of a representative is not bound by confidentiality concerning his/her relations with the committee regarding the matters under discussion. Representatives on the Consultative Committee may call upon a union representative or spokesman for the union who has taken a representative's place pursuant to the aforementioned in order to obtain further information concerning the matters under discussion.

The Consultative Committee and its individual members shall exercise confidentiality regarding information obtained from an employer, union representative or spokesman from the union, and are not authorised to deliver or divulge the material to a third party.

The committee's conclusion shall be presented to the disputing parties.

Notwithstanding the committee's conclusion, a case may be referred to the courts. The obligation of confidentiality pursuant to the above does not prevent the submission of documents in judicial proceedings.

Reykjavik, March 7, 2004

[3] *Now Act No. 45/2007.*

INDEX