

THE STABILITY AND WELFARE AGREEMENT 2024 - 2028

Parties to the collective agreement

The parties to this collective agreement are:

Efling Trade Union,

The Federation of General and Special Workers in Iceland (SGS) on behalf of member associations
AFL - the Union of General and Special Workers in East Iceland, Aldan Trade Union, Bárán Trade Union, Drífandi Trade Union, Eining-Iðja, Framsýn Trade Union, Samstaða Trade Union, Vesturland Trade Union, Akranes Trade Union, Grindavík Trade Union, Hlíf Trade Union, Bolungarvík Trade and Seamen's Union, Keflavík and District Trade and Seamen's Union, Sandgerði Trade and Seamen's Union, Snæfellsnes Trade Union, South Iceland Trade Union, West Fjords Trade Union, Þórshöfn Trade Union and

the Federation of Skilled Construction and Industrial Employees (Samiðn) on behalf of member associations

on the one hand
and

Confederation of Icelandic Employers

On the other

Introduction - main content

The main objective of this agreement is to contribute to reducing inflation and lowering interest rates, which are of great interest to households and businesses. Furthermore, the aim of the agreement is to increase the purchasing power of workers, create predictability in the economy, reduce inflationary expectations and strengthen the competitiveness of the Icelandic economy. This agreement also provides for a productivity growth premium to all workers, based on measured productivity, and for wage rate increases on the wage rates in the collective agreements.

Parallel to the signing of this collective agreement, agreements are signed between the same parties which entail changes to individual collective agreements between the parties.

Wage amendments

The collective wage agreement includes a wage policy whereby monthly wages take a percentage increase with a minimum flat amount increase in ISK, unless otherwise provided for by wage tables attached to collective agreements of individual unions. 'Monthly wage' refers to the fixed monthly wage for daytime work.

01 February 2024: 3.25% or 23.750 ISK
01 January 2025: 3.50% or 23.750 ISK
01 January 2026: 3.50% or 23.750 ISK
01 January 2027: 3.50% or 23.750 ISK

Wage related items of collective agreements

Wage-related items in the collective agreement increase as follows, unless otherwise agreed:

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

December bonus and holiday bonus

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

In 2024 106,000 ISK
In 2025 110,000 ISK
In 2026 114,000 ISK
In 2027 118,000 ISK

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

In the holiday pay year beginning on 01 May 2024, it shall be ISK: 58,000.
In the holiday pay year beginning on 01 May 2025, it shall be ISK: 60,000.
In the holiday pay year beginning on 01 May 2026, it shall be ISK: 62,000.
In the holiday pay year beginning on 01 May 2027, it shall be ISK: 64,000.

Conditions for Agreement

To strengthen the criteria and objectives of the collective wage agreements, a special wage and conditions committee will take up work immediately. The committee shall consist of four representatives nominated by SA and four representatives nominated by the negotiations committees of the member associations of ASÍ that jointly negotiated the conditions of the agreement.

The task of the committee shall be to monitor the progress of economic factors that may affect the objectives of the agreement, to formally assess the criteria of the collective agreement and, where appropriate, to negotiate responses to a breach of conditions that will strengthen the criteria of the agreement and help it remain in force. The formal assessment of the conditions for agreement will take place in September 2025 and September 2026.

A position on the following conditions shall be taken in September 2025:

- a) It is a condition that the 12-month inflation rate in August 2025 will not exceed 4.95%. However, this condition on pricing levels is considered to be fulfilled if inflation in the 6-month period from March to August 2025 will be 4.7% or lower, based on the annual rate.
- b) It is a condition that the legislative amendments promised and set out in the Government's declaration dated: 07 March 2024, have been achieved.

A position on the following conditions shall be taken in September 2026:

It is a condition that the 12-month inflation in August 2026 will not exceed 4.7%. However, this condition on pricing levels is considered to be fulfilled if inflation in the 6-month period from March to August 2026 will be 4.4% or lower based on the annual rate.

Response to breach of conditions

The wage and conditions committee shall, in deciding how to respond to deviations from contractual objectives, look at developments in economic indicators during the period of the agreement. The response should have a positive impact on the progress of the targets set by the Contracting Parties on reducing inflation, inflationary expectations, lowering key interest rates, improving workers' circumstances, and improving the competitiveness of the Icelandic economy. The Committee shall evaluate the state of the economy in a comprehensive way.

The Committee may decide that wage rate increases in accordance with this Agreement may be replaced by another equally valuable response better suited to the circumstances at any given time.

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 2025. Before 16:00 on 08 October 2025 and the agreement expires on 31 October 2025.

For review in September 2026. Before 16:00 on 08 October 2026 and the agreement expires on 31 October 2026.

Wage rate increases

If the collective agreements remain in force, the Wage and Conditions Committee shall, in March 2025, 2026, and 2027, rule on a special wage rate increase, if Statistics Iceland's wage index for the general labour market shows that wages have increased more than the lowest wage rate. The relative increase of that index shall be compared to the relative increase of wage bracket no. 4 in the collective wage agreements of SGS/Efling during the same period. The wage rate increase is calculated as the full percentage of the excess increase of the above-mentioned wage rate, and all minimum wage rates of the parties' collective agreements increase by that percentage as of 01 April each year.

- a) In March 2025, the wage increase, and the development of the wage index in the period November 2023 – November 2024 are to be considered.

b) In March 2026, the wage increase, and the development of the wage index in the period November 2024 – November 2025 is to be considered.

c) In March 2027, the wage increase, and the development of the wage index in the period November 2025 – November 2026 is to be considered.

In the event of a simultaneous payment of the productivity growth premium and a wage rate increase according to this collective agreement, the minimum wage rates in collective agreements shall get the raise that is higher each time.

Productivity growth premium

If productivity increases by more than 2% in 2025 and 2026, workers will get a share of this value increase in the form of a special productivity growth premium, subject to the fulfilment of certain criteria.

Productivity growth premium and payments for the premium are explained in more detail in an attachment to this agreement.

Duration

The collective agreements are valid from 01 February 2024 to 01 February 2028 and shall thereafter expire without being specifically terminated.

Processing of the collective agreement

The processing of collective agreements shall be announced before 15:00 on Wednesday, 20 March 2024.

Declaration by the Government of Iceland

The Government of Iceland has, in connection with the signing of collective agreements between the parties, issued a declaration of measures that are to strengthen the objectives of the agreements.

Reykjavík, 07 March 2024

On behalf of Efling – trade union

On behalf of the Confederation of Icelandic
Enterprise

On behalf of the Federation of Skilled Construction and Industrial Employees (Samiðn)

On behalf of The Federation of General and Special Workers (SGS)

Attachment - Productivity growth premium

Productivity growth premium

During the period of the collective wage agreement, a wage premium may be paid based on the development of productivity. If productivity increases beyond the limits in the following table during the period of the agreement, a so-called productivity growth premium will occur, provided certain criteria are met.

The first review point will take place after the end of the year 2025. The initial value of the index for productivity is 100 in 2023.

Productivity growth consists of both increased labour productivity and technological developments based on investment. It is important that there continue to be financial incentives for investment. 70% of the increase in productivity will therefore go to workers.

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

The Wage and Conditions Committee will determine the productivity growth premium if there are grounds for its payment. The productivity growth premium is proportional (%) and is applied to wages in the same way as general percentage increases in collective agreements do. In the event of unforeseen circumstances that have a negative impact on the economy, the Wage and Conditions Committee may have to decide whether or how the premium will occur.

A more detailed technical execution with examples is signed parallel to the agreement and forms a part of it.