

Collective Agreement
between
The Commercial Workers' Union of Reykjavik, VR
and
The Confederation of Icelandic Employers
(Samtök atvinnulífsins, SA)

Valid from 1 February 2008 to 30 November 2010

Please note the following:
This is a **translation only, in matters of dispute,**
please refer to the original text in Icelandic.

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Section 1 Wages

1.1. Pay-scales

1.1.1. Shop assistants:

	<u>1.2.2008</u>	<u>1.7.2009</u>	<u>1.11.2009</u>	<u>1.6.2010</u>
Starting wages	142.450	149.200	155.950	162.450
After 6 m at comp.	153.134	159.884	166.634	173.134
After 1 yr at comp.	154.511	161.261	168.011	174.511
After 2 yrs at comp.	162.144	168.894	175.644	182.144
After 5 yrs at comp	166.289	173.039	179.789	186.289

Specially trained shop workers who are capable of working independently, who show initiative and can be entrusted with supervisory roles

	<u>1.2.2008</u>	<u>1.7.2009</u>	<u>1.11.2009</u>	<u>1.6.2010</u>
Starting wages	147.356	154.106	160.856	167.356
After 6 m at comp.	158.521	165.271	172.021	178.521
After 1 yr at comp.	159.959	166.709	173.459	179.959
After 2 yrs at comp.	167.937	174.687	181.437	187.937
After 5 yrs at comp.	172.179	178.929	185.679	192.179

Starting wages apply to workers in the year they turn 18.

1.1.2. Young people

- Wages of 17-year-olds are 94% of the starting rate for 18-year-olds; wages of 16-year-olds are 89% of starting wages.
- Wages of younger workers shall be the following proportions of the wages of 16-year-olds:
 - 15-year-olds: 85%
 - 14-year-olds: 75%
 - Younger than 14: 50%

Wages of teenagers working in the area covered by the commercial workers' agreement shall apply as from the beginning of the year in which they attain the required age.

1.1.3. Office workers

	<u>2.2008</u>	<u>1.7.2009</u>	<u>1.11.2009</u>	<u>6.2010</u>
Starting wages	161.230	169.980	178.730	189.230
After 3 yrs' exp	171.988	180.738	189.488	199.988

The above wages of office workers are minimum wages. In other respects, the wage terms of office workers covered by this agreement shall be decided by the market.

Pupils undergoing vocational training in connection with studies in tourism shall be entitled to wages equivalent to 55% of the starting rate. The precondition for wage payments according to this provision shall be the existence of a tripartite agreement between the school, the trade union and the company.

1.1.4. Other agreements

For the wages of workers in guest reception and dispensing pharmacies, reference should be made to the appropriate collective agreements.

1.2. Wage structure

1.2.1. Wage increases

Special increase applying to pay-scales

The pay-scales previously in force shall be replaced by new ones that have been specially negotiated and form part of this agreement. These pay-scales shall become valid on 1 February 2008, 1 March 2009 and 1 January 2010.

Guarantee of wage levels on commencement of this agreement.

The basic wage increase when this agreement enters into force shall be 5.5% for workers who were in employment with the same employer on 1 January 2007. Any other wage increase that the worker has received since 2 January 2007 and up to the date of commencement of this agreement, including increases due to general increases in pay-scales, shall be deducted from this basic increase. Comparisons of wages shall be based on fixed weekly or monthly wages with the addition of fixed supplements or additional payments, no matter how these are designated. In no case may the deduction amount to more than the basic increase.

In the case of workers who began work in the period between 2 January 2007 and the end of September 2007, the basic increase in wages shall be 4.5% on commencement of this agreement; any other increases that the worker has received since beginning work and up to the commencement of this agreement, including increases due to general pay-scale increases, shall be deducted from this basic increase. Comparisons of wages shall be based on fixed weekly or monthly wages with the addition of

fixed supplements or additional payments, no matter how these are designated. In no case may the deduction amount to more than the basic increase.

This provision shall not apply to workers who are employed in productivity-driven wage systems where performance-related payments form the main part of their wages.

Changes in wages on 1 March 2009

Workers' wages shall change as follows on 1 March 2009:

The basic wage increase shall be 3.5%. Increases that the worker has received since the commencement of this agreement and up to 1 March, including those due to increases in pay-scales, shall be deducted from this increase. However, the deduction may not be greater than the basic increase. Comparisons of wages shall be based on fixed weekly or monthly wages with the addition of fixed supplements or additional payments, no matter how these are designated.

Workers who begin work in the period from the commencement of this agreement to 1 March 2009 shall receive the basic increase without deduction, unless other arrangements were agreed on engagement.

This provision shall not apply to workers who are employed in productivity-driven wage systems where performance-related payments form the main part of their wages.

Changes in wages on 1 January 2010

Wages shall rise by 2.5% on 1 January 2010. In case where wages rise by more due to special increases in pay-scales, such increases shall be valid.

1.2.2. Individually agreed wages

Wage agreements between employer and employee shall reflect the employee's work contribution, competence, educational qualifications and skills, and also the nature of the job and the responsibility it involves. Wage decisions shall take account of the Gender Equality Act.

If wages in workplaces where working hours are determined by service time (opening hours) are determined as aggregate wages for the worker's total work contribution, an estimate of the work contribution on which the aggregate wages are based shall be stated, together with the average number of paid hours of overtime work each month or other factors involved in the wage structure, as appropriate. In the event of a change in the worker's work contribution, or in the worker's job, which conceivably changes the basis on which he is engaged, then his wages and wage structure shall be reviewed, taking into account the relevant changes, if either party considers there is reason to do so.

Employees shall be entitled to have an interview with their superiors once a year concerning their jobs and possible changes to their terms of service, and the outcome of these interviews is to be clear within one month.

1.2.3. Minimum income for full-time work

Minimum income for full-time work, consisting of 171.5 full hours worked each month (39.5 hours per week) shall be as follows for workers aged 18 years and older who have worked for four continuous months for the same company:

1 February 2008:	ISK 145,000 per month
1 March 2009:	ISK 157,000 per month
1 January 2010:	ISK 165,000 per month

1.3. December and holiday bonuses

1.3.1. December bonus

The December bonus for each calendar year, based on full-time employment, shall be as follows:

For 2008: ISK 50,000

For 2009: ISK 51,800

For 2010: ISK 53,100

This bonus shall be paid no later than 15 December each year, based on the employee's job proportion and length of employment, to all workers who have been in continuous employment for the same employer for 12 weeks during the previous 12 months, or are in employment during the first week of December. By agreement with the worker, the reference period from 1 December to 30 November may be adopted instead of the calendar year.

The December bonus includes holiday (vacation) pay, it is a fixed sum which is not subject to change according to other provisions. Accrued December bonus shall be paid out to workers when they leave the company if this occurs before the payment date for the December bonus.

1.3.2. Holiday bonus

Holiday bonus for each holiday reference year (1 May to 30 April), based on full-time employment, shall be as follows:

For the reference year beginning 1 May 2008: ISK 18,400.

For the reference year beginning 1 May 2009: ISK 19,000.

For the reference year beginning 1 May 2010: ISK 19,500.

This bonus shall be paid on 1 June, based on the employee's job proportion and length of employment during the holiday reference year, to all workers who have been in continuous employment for the same employer for 12 weeks during the previous 12 months, as of 30 April, or are in employment during the first week of May.

Holiday bonus includes holiday (vacation) pay, it is a fixed sum which is not subject to change according to other provisions. Accrued holiday bonus shall be paid out to workers when they leave the company if this occurs before the payment date for the bonus.

1.3.3. Holiday and December bonus entitlement earned during maternity/paternity leave

After the employee has worked for one year for the same employer, periods of absence from work due to legally-prescribed maternity/paternity leave shall be regarded as working time when calculating December and holiday bonuses. The same shall apply in the case of women who, as a safety precaution, have to stop work during pregnancy (*cf.* the Regulations on measures to improve safety and health at work for women who are pregnant, have recently given birth or are breast-feeding).

1.3.4. Leave instead of holiday and December bonuses

By agreement between employee and employer, holiday and December bonuses may be waived or reduced, with corresponding periods of leave being granted instead, based on the wages of the individual worker. Such leave shall be granted in the form of whole or half working days.

Example: An employee has a monthly wage of ISK 180,000 for full-time employment, based on daytime work. His daily wage is therefore ISK 8,306 (180,000/21.67). The holiday bonus is ISK 18,400 (2008).

*Instead of this ISK 18,400, employee and employer may agree that the employee receive two days of leave on full pay (ISK 8,306*2) and payment of ISK 1,788, the remainder of his holiday bonus entitlement.*

1.4. Evaluation and length of service

If an employee works at more than one paid job within the same company, he shall draw pay based on the higher or highest-paid job, unless he undertakes the other(s) as extra work.

When an employee who is not engaged as the deputy of a superior temporarily takes over the functions of the superior, e.g. during holiday periods or illness, and such replacement periods last for one week or more, the subordinate shall be entitled to remuneration for deputising in this way, taking into account the responsibility and work-load he undertakes. The parties shall agree on the remuneration before the deputising takes place.

Evaluation of length of service, for the purpose of wage placement, shall be based on the time when the employee begins work at the company, irrespective of his age; such evaluation may be made for the first time when the employee is 18 years old. Evaluations of length of service that teenagers have accumulated through part-time work before reaching the age of 18 shall be based on the hours they have worked. The number of hours may be found on the basis of estimated average wages, a full year's work being taken as 1,800 hours.

When evaluating length of service for wage calculations, attainment of the age of 22 years shall grant the right to be placed on the next service-related step above the starting rate. This shall not apply, however, in the case of office workers.

If the employer demands a certificate regarding working experience, the employee shall be obliged to comply with such a demand, if possible, providing that the employer involved is obliged to issue such a certificate. Otherwise, length of service shall be established by reference to the appropriate pay scales and agreements.

1.5. Courses

1.5.1. Courses during working time

If employees are required to attend courses organised jointly by the parties to this agreement, then such courses shall be held during working hours and shall not result in any reduction of employees' wages. Such courses shall be aimed at increasing employees' competence and professional knowledge.

Employees may spend up to 4 daytime working hours per year attending courses related to their professions without any reduction of their daytime working pay; nevertheless, at least half the course hours shall take place in the employee's own time. The operations of the company shall be taken into consideration when course attendance time is chosen.

- 1.5.2. Courses outside working time
When taking courses that they are required to attend outside their working time, employees shall receive their contractual hourly rates of pay for half of the hours spent on the course, at daytime, after-hours or overtime rates, as appropriate. However, this may never result in a reduction of the employee's regular monthly wage.
- 1.5.3. Courses for salesmen
It is desirable, where possible, that salesmen should be sent on the courses on offer to them within their profession, both in Iceland and abroad, and that the employer pay their course fees and travelling and maintenance costs.
For other provisions on salesmen, see Article 2.1.2. (on working hours), Article 3.5.3. (on travelling costs).
- 1.6. Divisors**
- 1.6.1. Divisors for calculating hourly rates
- 1.6.1.1. When refreshment breaks are taken
Each employee's hourly daytime rate of pay of is found by dividing the regular wage of the appropriate step on the pay-scale (see Article 1.1) by 170 in the case of shop assistants and by 160 in the case of office workers.
- 1.6.1.2. When no refreshment breaks are taken
Each employee's hourly daytime rate of pay is found by dividing the regular wage of the appropriate step on the pay-scale (see Article 1.1) by 158.5 in the case of shop assistants and by 157.1 in the case of office workers.
- 1.6.2. Divisors for calculating daily pay rates and holiday pay
Each employee's daily daytime rate of pay is found by dividing his regular monthly wage by 21.67 (Saturdays not being included).
- 1.7. Wages for after-hours work, overtime work and work on major public holidays**
- 1.7.1. After-hours and overtime wages: shop workers
Payment for work done outside the daytime working period shall be made at hourly rates equivalent to 0.8235% of monthly wages for daytime work up to 171.15 hours per month (an average of 39½ hours per week). Payment for work in excess of 171.15 hours shall be made at hourly rates equivalent to 1.0385% of monthly wages for daytime work
- 1.7.2. After-hours and overtime wages: office workers
Payment for work done outside the daytime working period shall be made at hourly rates equivalent to 0.875% of monthly wages for daytime work up to 162.5 hours per month (an average of 37½ hours per week). Payment for work in excess of 162.5 hours shall be made at hourly rates equivalent to 1.0385% of monthly wages for daytime work
- 1.7.3. Major public holidays
Payment for all work done on major public holidays shall be made at hourly rates equivalent to 1.375% of monthly wages for daytime work. This shall not apply to regular work for which winter leave entitlement is granted for work on the days referred to, in which case the valid rules on payment shall apply without amendment. For a definition of major public holidays, see Article 2.3.2.
- 1.8. Call-outs**
When an employee is called out for work that is not in direct continuation of his daily work, he shall receive overtime payment for at least 4 hours except when his regular working time commences within two hours.
- 1.9. Rules on wage payments**
Wages shall be paid each month on the first day after the end of the month for which wages are paid. If this day falls on a holiday, then payment shall be made on the last working day of the month.
- 1.9.1. Pay slips
Employees shall receive pay-slips when each wage payment is made, on which the payment shall be itemised, e.g. under daytime pay, after-hours pay and overtime, with the number of hours worked in after-hours and overtime work being stated. All deductions shall also be itemised.
- 1.9.2. Payment period for after-hours and overtime work
Payment for all after-hours and overtime work shall be made in a single payment, retrospectively, for each month.

1.10. Wages in foreign currency

By agreement between worker and employer, regular monthly wages may be paid in part in a foreign currency, or part of regular monthly wages may be linked to the exchange rate of a foreign currency. The selling rate of the currency on that date (the date of the agreement between the worker and the employer) shall be used.

Regular monthly wages shall be calculated and stated on the pay-slip as follows:

1. The regular monthly wage in Icelandic krónur (ISK) on the date of the agreement.
2. A deduction, being the sum, in ISK, which it is agreed shall be paid in the foreign currency or linked to the exchange rate of the foreign currency on the date of the agreement.
3. The part of regular monthly wages which is paid in the foreign currency, or linked to the foreign currency (see item 2 above), converted into Icelandic krónur at the selling rate applying three working days before the date of payment.

However, the sum of items 1-3 may never be lower than the minimum wage rate according to the collective agreement applying to the relevant occupation.

The sum of items 1-3 shall form the base for the payment of public taxes and premiums according to the collective agreement, i.e. deductions for funds in connection with pensions, sick pay, rehabilitation, holiday cottages and retraining.

Workers and employees may enter into agreements that overtime pay, shiftwork supplements, bonuses and other payments are to be paid, partly or entirely, in foreign currency.

Wage increases shall only be calculated on item 1, i.e. regular monthly wages in Icelandic krónur.

Workers may at any time request a discontinuation of the agreement concerning foreign currency payments. If the worker submits such a request, the employer shall grant it as from, and including, the second change of month after it is submitted. The worker shall then receive wages according to item 1, with all amendments that have since taken effect, from the date on which the original agreement was made.

The worker and the employer shall enter into a written agreement on the payment of wages in foreign currency or the linking of wages with a foreign currency.

- See the 2008 Appendix including an agreement on wages in foreign currency – Agreement form.

1.11. Employment contracts and letters confirming employment

1.11.1. The making of contracts

Where a worker is engaged for a period of longer than one month, and for more than 8 hours per week, on average, an employment contract shall be made not later than two months after the commencement of the job, or the engagement shall be confirmed in writing. If the employer stops work before the two-month period is up, without an employment contract having been made or the engagement having been confirmed in writing, then he shall be provided with such a confirmation when he stops work.

1.11.2. Amendments

Amendments to terms of engagement, other than those resulting from legislation or collective agreements, shall be confirmed in the same way [*cf.* 1.11.1] not later than one month after they take effect.

1.11.3. Occasional jobs

The provisions of Articles 1.11.1. and 1.11.2. shall not apply to engagements for occasional jobs, providing that such an arrangement is based on objective considerations.

1.11.4. Information to be stated by the employer

Employment contracts or written confirmations of employment, i.e. letters of engagement, shall contain at least the following information:

1. The identity of the contracting parties, including their ID Numbers.
2. The employer's place of work and address. If there is no fixed place of work or place where work is normally carried out, then it shall be stated that the employee is engaged for work at various locations.
3. The title, job position or type of work for which the employee is engaged, or a short summary or description of the job.
4. The date of commencement of the job.
5. The length of the engagement, if it is for a specific term.
6. The employee's right to annual holiday.
7. The notice period for termination, to be given by the employer and the employee.

8. Monthly or weekly wage rates, e.g. including references to pay-scales, other payments and perquisites, and also the payment periods.
9. The length of an ordinary working day or working week.
10. The pension fund.
11. Reference to a valid collective agreement and the trade union involved.

Information in items 6-9 may be given in the form of a reference to a collective agreement.

1.11.5. Work abroad

Employees entrusted with work in another country for one month or longer shall receive written confirmation of their appointment before leaving Iceland. In addition to the information listed in Article 1.11.4, the following shall be stated:

1. The intended working period abroad.
2. The currency in which wages are to be paid.
3. Bonuses or perquisites associated with the work abroad.
4. The conditions under which the employee may return to his home country, where such conditions are stated.

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

1.11.6. Temporary engagements

Temporary engagements shall be subject to the Temporary Engagement of Employees Act, No. 139/2003.

1.12. Competition provisions

Provisions in employment contracts that prohibit workers from engaging to work with a competitor of the employer shall be non-binding if they are more extensive than is necessary to defend the employer against competition or if they unfairly restrict the worker's freedom as regards employment. Whether this is the case must be assessed in each individual instance, taking all circumstances into account. Competition provisions may not be worded too generally.

When assessing how wide-ranging the competition provisions of an employment contract may be, and particularly as regards their scope of application and the time-limits involved, the following must be taken into account:

- a. The type of work done by the worker involved, i.e. whether he is a key worker, is in direct contact with customers or bears substantial obligations regarding confidentiality. Consideration shall also be given to the type of knowledge or information the worker may have regarding the company's operations or its customers.
- b. How quickly the worker's knowledge or skills will become outdated, and whether members of staff are being treated in a natural way from the point of view of equality.
- c. The type of operations involved, and the identity of the competitors on the market on which the company operates and to which the worker's knowledge relates.
- d. That the worker's freedom of employment may not be restricted unfairly.
- e. That the competition provision must be delineated and precisely focussed so as to protect specific competitive interests.
- f. Another factor that will be of influence is the consideration received by the worker, e.g. what his wage is.

The competition provisions of employment contracts shall not apply if the worker is dismissed from his job without having himself given sufficient justification for this.

Section 2 Working time

2.1. Daytime work

2.1.1. Daytime work in shops

Active working time in daytime work, i.e. the time actually worked by shop workers, excluding meal and refreshment breaks, shall be 36 hours and 35 minutes per week. Daytime work shall be from 09:00 to 18:00 from Monday to Friday. If workers take their contractual refreshment breaks, then working time shall be lengthened accordingly (*cf.* Article 3.1.2.) in which case weekly working time shall be 39½ hours. Working time shall be arranged by agreement between employees and employer according to what is considered suitable in each individual place of work.

2.1.2. Daytime work of office workers and salesmen

Active working time in daytime work, i.e. the time actually worked by office workers and salesmen, excluding meal and refreshment breaks, shall be 36 hours and 15 minutes per week. If workers take their contractual refreshment breaks, then working time shall be lengthened accordingly (*cf.* Article 3.1.2.) in which case weekly working time shall be 37½ hours. Working time shall be arranged by agreement between employees and employer according to what is considered suitable in each individual place of work, with an extension of daytime work before 09:00, after 17:00 and/or shorter lunch breaks.

For other provisions on salesmen, see Article 1.5.3. (on courses), Article 3.5.3. (on travelling costs).

2.1.3. Daytime work in bakeries

2.1.3.1. *Shop workers in bakeries*

Active working time in daytime work, i.e. the time actually worked by shop workers, excluding meal and refreshment breaks, shall be 36 hours and 35 minutes per week. Daytime work shall be from 08:00 to 18:00 from Monday to Friday. If workers take their contractual refreshment breaks, then working time shall be lengthened accordingly (*cf.* Article 3.1.2.) in which case weekly working time shall normally be 39½ hours. Working time shall be arranged by agreement between employees and employer according to what is considered suitable in each individual place of work.

2.1.3.2. *Assistants in bakeries*

Active working time in daytime work, i.e. the time actually worked by assistants in bakeries, excluding meal and refreshment breaks, shall be 36 hours and 35 minutes per week. Daytime work shall be from 07:00 to 17:00 from Monday to Friday. If workers take their contractual refreshment breaks, then working time shall be lengthened accordingly (*cf.* Article 3.1.2.) in which case weekly working time shall normally be 39½ hours. Working time shall be arranged by agreement between employees and employer according to what is considered suitable in each individual place of work.

The meal and refreshment breaks of assistants in bakeries may be arranged to correspond with the meal and refreshment breaks of other personnel working there, providing that full consultation takes place regarding such an arrangement.

2.1.4. Daytime work before 09:00

Daytime work may nevertheless begin before 09:00, according to what is considered the best arrangement for each occupation or company. However, daytime work may never begin before 07:00.

2.1.5. Continuous daytime work

The contractual maximum period of daytime work shall take place within the limits set forth above, so that the daytime work period shall be continuous.

2.1.6. Beginning of after-hours/overtime work

If daytime work begins by any amount earlier in the morning, then after-hours/overtime work shall begin correspondingly earlier.

2.1.7. Leave in exchange for daytime work

Employer and employee may make a written agreement on a different structure of daytime work within the daytime working period so that the employee works in excess of 39½ hours (37½ hours) during the daytime working period, accumulating the hours so worked in the form of entitlement to leave later on, specified in whole and half days.

2.1.8. Leave in exchange for work outside the daytime work period

An agreement may be made between employer and employee on payment for work done outside the daytime working period in the form of leave during the daytime working period, providing that it is based on the monetary value of the work-time units that fall outside the daytime working period.

Leave shall be taken by agreement, and shall be organised in such a way as to cause the minimum disturbance to the functioning of the company.

Accounting of the position resulting from such work shall take place at the same time as the monthly wage calculations, monetary payment being made for that part of such work as has not already been paid for in the form of leave or is to be paid for in the following month, except where the parties involved agree on linking such leave to the employee's annual holiday entitlement. Leave shall be taken in the form of whole and half days.

2.1.9. End of the daytime working period on Christmas Eve and New Year's Eve

On Christmas Eve (24 December) and New Year's Eve (31 December), the daytime working period shall end no later than 12:00 noon if these days fall on any of the days from Monday to Friday.

2.1.10. Miscellaneous working-time provisions

On the first working day after Christmas, daytime work in shops shall begin at 10.00.

All workers have the right to refuse to do after-hours/overtime work, and if they do so, they shall not be made to suffer in any way.

Regarding annual working time, reference is made to the appendix on annual working time.

2.2. After-hours work, overtime and work on major public holidays

2.2.1. After-hours work

After-hours work is work of any type carried out outside the ordinary daytime working period, and also on Saturdays and Sundays, and also on all public holidays listed in Article 2.3.1, up to 171.15 hours (162.5 hours in the case of office workers) each month.

2.2.2. Overtime work

Overtime work is work of any type carried out outside the ordinary daytime working period, and also on Saturdays and Sundays, and also on all public holidays listed in Article 2.3.1, in excess of 171.15 hours (162.5 hours in the case of office workers) each month.

2.2.3. Work on major public holidays

Work on major public holidays is work done on major public holidays as defined in Article 2.3.2.

2.2.4. Work on Saturdays and Sundays

When work is done on Saturdays and Sundays, payment shall be made for a minimum of 4 hours at after-hours/overtime rates, even if the period worked is actually shorter.

2.3. Holidays and major public holidays

Holidays are all the feast-days of the National Church of Iceland and the days listed in Articles 2.3.1 and 2.3.2.

2.3.1. Holidays

Holidays are: Maundy Thursday, Easter Monday, the First Day of Summer, 1 May, Ascension Day, Whit Monday and Boxing Day.

2.3.2. Major public holidays

Major public holidays are New Year's Day, Good Friday, Easter Day, Whit Sunday, 17 June, the August Bank Holiday, Christmas Day and the periods after 12:00 noon on Christmas Eve and New Year's Eve.

2.4. Minimum rest periods

2.4.1. Daily rest period

Working time shall be arranged in such a way that during each 24-hour period, starting from the beginning of the working day, the employee receives at least 11 hours' continuous rest. If possible, this daily rest period shall include the period between 23:00 and 06:00.

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

2.4.2. Exceptions and right to take leave

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

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

If the employee works for such a long time preceding a holiday or weekend as to make it impossible to have 11 hours' rest before the normal beginning of the working day, the situation

shall be handled in the same way as above. If the employee reports for work on a holiday or weekend, payment at overtime rates shall be made for the time worked without further additional payments.

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

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

2.4.3. Weekly day off

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

2.4.4. Postponement of the weekly day off

To the extent practicable, the weekly day off shall be Sunday, and to the extent practicable, all those who work for the same company or at the same permanent place of work shall receive a day off work on that day. Nevertheless, the company may, by agreement with the employees, postpone the weekly day off when special circumstances necessitate such a deviation from the norm. If it is necessary to structure work in such a way that the weekly day off work is postponed, then a collective agreement shall be made concerning this. In such a case, the taking of days off may be arranged in such a way that 2 days off are taken together every second weekend (Saturday and Sunday). If, on the other hand, due to unforeseeable reasons, a day off falls on a working day, this shall not reduce employees' entitlement to regular wages and shiftwork supplement.

[Protocols of March 1997 and May 2000 on the interpretation of Article 2.4.4. on the weekly day off: It is the joint understanding of the parties that if there is no agreement between employees and managers to postpone the weekly day off work, the employee shall be entitled to leave on a working day in the following week, without reduction of pay. – The same understanding applies regarding working trips abroad.]

2.4.5. Breaks

If the employees' daily working time is more than 6 hours, they shall be entitled to a 15-minute break. This shall not reduce the effect of the provisions of this agreement regarding meal and refreshment breaks under Article 3.1.

Regarding the scope, working time, breaks and other matters, reference is made to the Collective Agreement between ASÍ and VSÍ of 30 December 1996 on certain matters regarding the structure of working time, which is regarded as part of this Collective Agreement. The aforementioned provisions supplement Article 13 of this Agreement.

2.5. Breaks in the working time of assistants in food shops

In view of the additional workload on staff working on cash-desks on Fridays and the last working day before public holidays that fall on any of the days from Monday to Friday, employees who are obliged to be at work for at least three continuous hours after 16:00 shall be granted a 15-minute break during the period 16:00-19:00, providing that no evening meal break is taken on the aforementioned days.

2.6. Recording of working time

2.6.1. General

Employees shall turn up punctually for work, whether it begins in the morning or after a meal or refreshment break. If employees turn up late for work, ¼ hour may be deducted from their monthly wages at after-hours/overtime rates for each ¼ hour or fractions thereof in the case of repeated instances.

Each begun ¼ hour of worked after-hours/overtime work shall be counted as ¼ hour.

2.6.2. Recording with punch-cards

An employee who turns up late for work shall not be entitled to claim wages for working time that has already elapsed. After-hours/overtime rates shall not be paid until the contractual number of daytime working hours has been worked. However, this shall at no time cause the beginning of the time paid at after-hours/overtime rates to be deferred by more than 30 minutes.

2.7. The rights of part-time workers

Persons who are engaged to work part time, and who work regular working hours, shall be paid monthly wages proportion to those paid to full-time employees according to Article 2.1., i.e. 39½ hours or 37½ hours.

Employees who work regular part-time work for the same employee shall enjoy the same entitlements to payment for contractual holidays, days off work due to illness and accidents, pay increases due to length of service, etc, as those who work full-time, and these payments shall be based on the employee's normal working time.

The parties are in agreement that the above provision shall apply equally to those who work a continuous portion of each day throughout the week and to those who work at regular intervals, e.g. one day or a part of one day each week.

Other arrangements concerning part-time workers shall be subject to the agreement between ASÍ and SA concerning part-time work and, as appropriate, the Part-Time Workers Act.

2.8. Stand-by shifts

Stand-by shift duty may be imposed, according to which employees are obliged to be contactable by telephone and to respond to call-outs. Where no other arrangements are agreed in the employment contract, the following shall apply.

For each hour on stand-by duty during which the employee is confined to home, he shall receive payment equivalent to the rate for 33% of the hourly rate for daytime work. On public holidays and major public holidays as defined in Articles 2.3.1. and 2.3.2., the proportion shall be 50%.

For stand-by duty in which it is not demanded that the employee respond without delay, but where he is prepared to go to work as soon as he is contacted, he shall receive 16,5% of the hourly rate for daytime work for each hour spent on stand-by. On public holidays and major public holidays as defined in Articles 2.3.1. and 2.3.2., the proportion shall be 25%.

For a call-out when on stand-by, employees shall receive payment for the time they work, though never for less than 4 hours except when their daytime work begins within two hours of the time when they turn up for work. However, payment for stand-by work and for after-hours/overtime work shall never be combined.

2.9. Disturbance due to use of home telephone

If employees' home or mobile telephone numbers are listed by the company in the telephone directory, the workload resulting from this shall be taken into account when determining their wages.

Section 3 Meal and coffee breaks; food and travelling costs

3.1. Meal and coffee breaks during the daytime work period

3.1.1. Meal breaks

The meal break during the daytime working period shall be ½ - 1 hour during the period 12:00-14:00 and shall not be counted as part of ordinary working time. The right to a lunch break shall be based on at least 5 hours' work during the daytime working period.

3.1.2. Coffee breaks

The refreshment break for shop workers shall be 35 minutes per day, based on full daytime work. For office workers, the refreshment break shall be 15 minutes per day, based on full daytime work. Part-time workers shall receive proportional refreshment breaks. Refreshment breaks may be omitted or shortened by agreement in the workplace, working hours being shortened accordingly.

3.2. Meal and coffee breaks outside the daytime work period

3.2.1. Supper break

A supper break shall be granted during the period 19:00 - 20:00, with pay at after-hours/overtime rates. If employees work during this period or part thereof, they shall receive pay for correspondingly longer overtime work.

Example 1:

The employee works until 19:10. Ten minutes' work is paid for at after-hours or overtime rates, as appropriate, for the work done up to 19:10. An additional 10 minutes' work is paid for at overtime rates due to work done during the meal break.

Example 2:

The employee works until 21:00. The employee receives a 40-minute meal break. Working time from 19:00 to 20:00 shall be paid at after-hours rates to part-time employees and at overtime rates to full-time employees. Payment is also made for 20 minutes at overtime rates for time worked during the meal break.

3.2.2. When work begins at 16:00 or later

Shop workers who turn up for work at 16:00 or later shall receive payment for 5 minutes for each hour they work (though for a minimum of 15 minutes) in respect of refreshment breaks that are not utilised. Employees who work 4½ hours or longer, however, shall be entitled to a full 1-hour meal break.

3.2.3. Other meal and coffee breaks

When work is done outside the daytime working period, the meal break shall be from 03:00 to 04:00 and coffee breaks from 22:00 to 22:20 and from 06:15 to 06:30.

On Þorláksmessa (23 December), however, a 20-minute refreshment break may be granted during the period from 21:40 to 22:20. The meal and coffee breaks listed above shall be counted as working time, and if employees work during them, then they shall receive pay for correspondingly longer periods of overtime work.

3.2.4. Meal and coffee breaks on Saturdays, Sundays and public holidays

Meal and coffee breaks on Saturdays, Sundays and public holidays as defined in Article 2.3. shall be subject to the same rules as those on ordinary working days.

3.3. Work during meal and refreshment breaks

When work is done during meal and refreshment breaks, or part thereof, during the daytime working period, it shall be paid for at after-hours/overtime rates, as appropriate.

3.4. Travelling to and from the workplace

Travelling to and from workplaces in the Reykjavík Metropolitan Area (Reykjavík - Kópavogur - Garðabær - Hafnarfjörður - Mofellsbær and Seltjarnarnes), during periods when buses do not run, shall be paid for by the employer.

3.5. Work outside the area covered by the agreement

3.5.1. Food and travelling costs

If work is done outside the area covered by this Agreement, the employer shall provide the employee with free food, accommodation and transport to and from work.

3.5.2. Rest in connection with travel for the employer

If no other terms are agreed or established by practice in the case of the individual employee, then employees who are obliged to travel during the evening or overnight for their employer shall have the right to a minimum of 11 hours' rest (*cf.* Article 2.4.1.).

3.5.3. Salesmen's travelling expenses

At all times, the employer shall pay all accommodation, food and travelling costs incurred in sales trips according to invoices. For longer working periods in sales trips, salesmen shall receive a 43% supplement on their monthly wages if the sales trip lasts 5 days or less, and 65% if the sales trip last more than 5 days. This supplement shall be paid on the monthly wage in direct proportion to the number of days during which travelling is undertaken in areas outside a 60 km driving distance from the company's main headquarters, unless other arrangements have been agreed. If salesmen use their own cars, they shall receive payment in accordance with the decision of the Government Travelling Expenses Committee (Ferðarkostnaðarnefnd ríkisins), i.e. out of town; if they use them in town, then an agreement shall be made regarding daily rates.

Concerning salesmen, reference is made to other provisions in Article 1.5.3. (on courses) and Article 2.1.2. (on working time).

3.6. Driving expenses

If employees use their own cars in the course of their work, and if no other arrangements are agreed, then the decision of the Government Travelling Expenses Committee on kilometre rates shall be used as a guideline.

Amendments to this scale of rates will be published in accordance with amendments to the scale of rates applying to civil servants, and will take effect from the date of publication.

3.7. Per diem allowances abroad

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

Section 4 Annual holiday

4.1. Annual holiday entitlement

Minimum annual holiday shall be 24 working days. Annual holiday pay shall be 10.17% of all wage payments, whether at daytime, after-hours or overtime rates.

When calculating annual holiday, a divisor of 21.67 shall be used (Saturdays are not included). The first 5 Saturdays are not counted as part of annual holiday.

(Concerning holiday entitlement, any person who has a notice period of at least one month for termination of employment shall be regarded as a permanent employee.)

4.2. Holiday taken outside the annual holiday period

Those who, at the request of their employers, do not receive annual holiday when it is assumed in law that holiday will normally be taken, i.e. during the period from 2 May to 15 September each year, shall receive a 25% extension of the part of holiday leave granted outside the aforementioned period, or increase in the equivalent payment.

4.3. Holiday supplement

Following 5 years' employment in the same occupation, employees shall have 25 days' annual holiday, and holiday pay shall be 10.64%. After 5 years' employment in the same company, employees shall be entitled to 27 days' holiday and holiday pay shall be 11.59%. Following 10 years in the same company, employees' holiday entitlement shall be 30 days, and holiday pay shall be 13.04%. During the holiday reference year beginning on 1 May 2009, the figure of 29 days changed to 30 days and the figure of 26 days changed to 27 days.¹

An entitlement acquired as a result of a period of work with the same employer shall become active again following three year's work for a new company, providing it has been verified.

Holiday in excess of 20 days may be granted during the winter, unless other arrangements are negotiated.

- Concerning holiday bonus, see Article 1.3.2. -

4.4. Decision on timing of holiday

The timing of holidays shall be a matter of agreement between employer and employee.

4.5. Illness during holiday

If an employee falls so seriously ill while on holiday in Iceland that he is not able to enjoy the holiday, he shall notify his employer on the first day, e.g. by telegraph. The notification shall state the name of the doctor from whom he intends to obtain a medical certificate.

The same applies if the employee falls so seriously ill in a country in the EEA, Switzerland, the USA or Canada that hospitalisation (of 1 day or more) becomes necessary.

If the employee meets the notification requirement and the illness lasts for more than 3 full days (in Iceland) or 6 full days (in the EEA, Switzerland, the USA or Canada), he shall be entitled to additional holiday leave for the same length of time as his illness demonstrably lasted. In all cases under these circumstances, the employee shall at all times demonstrate the occurrence of illness by means of a medical certificate.

As far as is possible, additional holiday leave shall be granted at the time requested by the employee, and during the period from 2 May to 15 September, except where special circumstances apply.

4.6. The Holiday Leave Act, No. 30/1987

In other respects, the Holiday Leave Act, No. 30/1987, shall apply.

4.7. Maternity/ paternity and parental leave

Maternity/paternity and parental leave are subject to the Maternity/Paternity and Parental Leave Act, No. 95/2000.

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

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

¹ This entitlement came into effect on 1 May 2008.

See also Article 8.4. concerning pre-natal medical examinations.

Example demonstrating how holiday pay is calculated:

A person's wages for shop work in June 2008 are ISK 180,000 for daytime work and ISK 30,000 for overtime for each month worked. His total wages are therefore ISK 210,000. His holiday pay for that month will be 10.17% of ISK 210,000, i.e. ISK 21,357.

This holiday pay is converted to hours of holiday by dividing it by the current hourly day-wage rate, which is ISK 1,058.82 (180,000/170). Thus, the number of holiday hours for the month of June is 20.17 hours (180,000 x 10.17% / 1,058.82).

Over the holiday leave year, this person could, e.g., have acquired 221.87 hours of holiday leave entitlement (11 months x 20.17). When he goes on holiday in summer 2009, his wage will have risen and his hourly rate will therefore be ISK 727.06.

Over the year used for calculating holiday entitlement, this employee could, for example, have earned a total entitlement of 221.87 hours of holiday (11 months x 20.17 hours). When he goes on holiday in summer 2009, his wages will have risen, and his hourly rate will be ISK 1,095.88. Thus, this employee's holiday pay will be ISK 243,143 (221.87 hours of leave x ISK 1,095.88 per hour).

Section 5 Special company agreement provisions

5.1. Aim

The aim of the special company agreement provisions of this Agreement is to stimulate collaboration between employees and employers in the workplace with the aim of creating the conditions for improved terms of service for the employees through increased productivity.

The aim is to develop collective agreements so that they will bring benefit to both parties. Amongst other things, the aim is to shorten working hours while maintaining or increasing productivity. At all times, the aim shall be that defined gains should be apportioned between the employees and the company according to clear principles.

5.2. Authorisation to negotiate

The special company agreement provisions shall normally apply to all employees covered by the collective agreements of the relevant unions. However, special agreements may be made in individual delineated workplaces if this is agreed.

Negotiations on special company agreements [agreements with individual companies] shall be held under the obligations of general collective agreements to pursue peaceable means, and shall be adopted with the consent of both parties. Furthermore, it shall be stated in writing to whom the agreement is intended to apply.

When it has been decided to hold negotiations, then the relevant commercial and shop workers' union and employers' organisation shall be notified. Both parties, the employees and the management of the company, shall have the right to seek advice from the parties to this Agreement. The parties may, jointly or separately, decide to call in representatives of the parties to this Agreement for advice on the negotiations, as soon as it has been decided to hold negotiations.

5.3. Representatives of the employees – representation in negotiations

Trade union shop stewards shall represent employees in negotiations with the managers of the company. A shop steward may have an additional 2-5 persons elected, according to the number of employees, to sit in the negotiating committee, and together they shall form a joint negotiating committee.

The shop steward and the elected members of the negotiating committee shall be guaranteed a normal amount of time during working hours in which to attend to preparations and negotiations. They shall also enjoy special protection in their work, and they may not be made to suffer for the work they do in the negotiating committee. Thus, they may not be dismissed from their jobs because of their work in the negotiating committee.

At workplaces where the shop stewards are members of two or more trade unions, they shall jointly represent the employees in cases where the special company agreement affects their position. In these cases, care shall be taken to ensure that representatives of all divisions of the occupational sector concerned take part in the negotiations; this shall be done even if it means expanding the negotiating committee.

Where no shop stewards have been appointed, the Commercial Workers' Union of Reykjavik (VR) may take steps to have a negotiating committee elected.

5.4. Exchange of information

Before a special company agreement is negotiated, the managers shall inform the shop stewards and other members of the negotiating committee of the company's standing, future prospects and staffing policy.

Shop stewards shall have the right to information on wage payments at the workplaces where they are representatives to the extent necessary to apply the provisions of the special company agreement.

During the period of validity of the special company agreement, shop stewards shall be informed twice each year of the matters mentioned above and the emphases in the running of the company. They shall be bound by an obligation not to disclose this information to the extent that it is not under public discussion.

5.5. Permitted adaptations

Under an agreement within the company, between the employees and the company, the provisions of this Agreement may be adapted to the needs of the workplace by introducing variations regarding the following matters, providing that agreement is reached on remuneration to the employees.

- a) Four-day working week. The full week's daytime working obligation may be discharged in four working days where this is not prevented by law or other agreements.
- b) Shift work. An agreement may be made on the introduction of shift work with at least one month's notice. Shift periods shall not last for less than one month at a time.
- c) After-hours/overtime supplement in the basic daytime rate. Part of the after-hours/overtime supplement may be incorporated in the basic rate for daytime work.

- d) Holiday pay for after-hours/overtime work. An agreement may be made under which workers may accumulate after-hours/overtime working hours and take the same number of hours of leave on working days outside the company's busiest periods. Overtime hours may be accumulated and paid for later in the form of daytime working hours, but the supplementary payment for after-hours/overtime work is to be paid in cash.
- e) Meal and coffee breaks. Agreements may be made on arrangements different from those in this general Agreement regarding meal and coffee breaks.
- f) Annual holiday. Part of the annual holiday entitlement may be used to reduce the level of activity or to close the company on certain days outside its busiest period.
- g) Performance-related wage system. Where it is considered appropriate by both parties, a performance-related wage system may be developed without formal studies of the work structure.
- h) Transfer of holidays falling on Thursdays. It may be agreed at a workplace to transfer leave in connection with the contractual holidays Ascension Day and the First Day of Summer, both of which always fall on a Thursday, to another working day, e.g. Friday or Monday, or to link it to other leave taken by the employees. A decision on a different day off work or another arrangement covering the taking of this leave shall apply to all the employees concerned, and shall be determined by the choice of the majority. In this case, the same wages will be paid for these days as for other working days, and the workers will retain their daytime pay when they take days off on the new holidays. If employees are specially requested to work on the new holidays, they shall be paid after-hours/overtime rates in addition to daytime rates unless other provisions are made in collective agreements regarding shift work. If an employee has not taken the day off when he stops work, then payment shall be made for it in his final wage settlement, at the rate for 8 daytime working hours (based on full-time employment).

Deviations from the general rules of this Agreement over and above the limits set out above shall only be permitted where the approval of the commercial workers' union and employers' union involved has been obtained. Employment contracts shall state the part played in the employee's wages and terms by the special company agreement.

5.6. Remuneration to the employees

Where agreement is reached on the adaptation of the provisions of this Agreement to the needs of the company, or on other deviations from the agreed work structure, then an agreement shall also be made on the employees' share of the benefits that the company derives from these changes.

The employees' share may take the form of a reduction in the number of working hours without a corresponding reduction of income, the payment of a fixed sum each month or each quarter, a supplement reflecting their competence, a percentage supplement on their wages, a fixed sum added to their hourly rates or some other form, depending on what is agreed. However, the benefit to the company and the remuneration to the employees shall be stated clearly in the agreement. Both these elements are deviations from this Agreement, and may be abolished by termination under Article 5.7.

5.7. Entry into force, scope and period of validity

Special company agreements shall be made in writing, and shall be referred for approval to all those to whom they are intended to apply in a secret ballot organised by the employees' negotiating committee involved. An agreement shall be considered as being approved if it receives the support of the majority of the votes cast. The trade union involved shall establish whether the deviations that are agreed from regular terms, and the remuneration in return for them, are compatible, as a whole, with the provisions of law and collective agreements regarding minimum terms. If no notification to the contrary is received within four weeks, then the agreement shall be regarded as having been approved by both parties.

A special company agreement may be made for a trial period of up to three months, after which its contents shall be finalised in the light of experience. Otherwise, its period of validity shall be unlimited. When a year has elapsed, either party may request a review. If no agreement on amendments is reached within two months, either party may terminate the agreement with 6 months' notice, counting from the beginning of a month. When that period has expired, then both the amendments agreed and the employees' share in the gains shall cease to apply. In order for termination to be binding, it must receive the support of the majority of the employees concerned in a ballot of the same type as was held when the agreement took effect. If the employer terminates the special company agreement provisions, then wage increases according to them shall only be retracted to the extent involved in the additional costs resulting from the re-adoption of the former contractual provisions.

5.8. Effect of special company agreements on terms of employment

Changes in terms of employment resulting from special company agreements shall be binding for all the employees involved if they do not formally inform the managers of the company and the employees' negotiating committee of their opposition to the making of the agreement before it is put to the vote.

The provisions of the special company agreement shall apply equally to those workers who are in employment at the time that the agreement is approved in accordance with the provisions of this Section and those who are engaged for employment subsequently, providing that they are informed of them at the time of their engagement.

5.9. Disputes

If a dispute arises within the company on the interpretation or application of a special company agreement, and if it cannot be resolved by negotiations between the parties at the workplace, the employees may seek the assistance of VR or entrust it with the resolution of the dispute.

If no agreement is reached on the assessment of the effects of termination under the final sentence of the second paragraph of Article 5.7., either party may refer it for a ruling by an impartial party. Sixty-five per cent of the resulting expenses shall be paid by the company and 35% by the employees.

Section 6 Facilities, safety and health

6.1. Medicine chest, toilet facilities and refreshment facilities

At workplaces, the employer shall ensure that a medicine chest is accessible, containing the necessary medicaments and bandages, and that the workers have access to a toilet, running water and a wash-basin.

At all workplaces there shall be facilities for the taking of refreshments and storing protective clothing.

Employees shall have access to lockers or another secure storage place at their place of work where they can keep personal belongings during working hours.

6.2. Rules on canteens/kitchens

When meals are regularly taken at the workplace, both employers and employees shall comply with the instructions of the health authorities regarding toilet facilities and conduct in the canteen/kitchen.

6.3. Safety equipment

The safety equipment that is considered necessary by the Occupational Safety and Health Administration due to the nature of the work, or that is specified in a collective agreement, shall be available at the workplace for use by the employees.

Employees shall be obliged to use the safety equipment mentioned in their collective agreements and in regulations, and managers and shop stewards shall ensure that it is used.

6.3.1. Penalties for negligence on the part of employees

Workers who do not use the safety equipment provided at the workplace may be dismissed without notice after they have been given a caution in writing. The employees' shop steward shall immediately establish whether such a dismissal was based on good reasons, and shall be given the opportunity to acquaint himself with all the facts of the case. If he is not convinced that the dismissal was based on valid reasons, he shall submit a written objection against the dismissal, and if this is done then the immediate dismissal shall not take effect.

Violations of safety rules that result in a threat to the life and limbs of the workers shall result in dismissal, following a caution, if the shop steward and the representative of the company are in agreement on this measure.

6.3.2. Penalties for negligence on the part of the employer

If the safety equipment that is stipulated in collective agreements and the use of which is has been required by instructions from the Occupational Safety and Health Administration is not provided at the workplace, any worker who does not receive such equipment may refuse to do work for which such equipment is required. If no other work is available for the worker concerned, he shall retain his full wages.

6.4. Disputes

If a dispute arises concerning this section of the Agreement, it may be referred to the standing committee of the ASÍ (Icelandic Confederation of Labour) and SA (the Confederation of Icelandic Employers).

The Act No. 46/1980, and rules and regulations set thereunder, shall apply concerning working facilities and safety and health at work.

Section 7 Tools and working clothes

7.1. Working clothes and protective clothing

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

7.2. Insurance and compensation

If an employee demonstrably suffers damage to ordinary, necessary clothing or personal items, such as a wrist-watch, spectacles, etc., in the course of his work, compensation shall be paid for this in accordance with an assessment of the value involved.

Compensation will only be paid for damage of this type if it occurs as a result of an accident at the workplace. Compensation will not be paid for such damage if it occurs as a result of negligence or carelessness on the part of the employee.

Section 8 Accidents at work, accident insurance, occupational diseases and the payment of wages in cases of accident and illness

8.1. Accidents at work and occupational diseases

8.1.1. Medical expenses

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

8.1.2. Wage payments in cases of accidents at work and occupational diseases

In each instance of an accident at work or an occupational illness caused at or as a result of work, or transport to or from the place of work, the employer concerned shall pay wages at daytime rates for up to 3 months according to the pay-scale at which the employee is engaged at the time that the accident or illness occurs, providing that *per diem* payments from the State Social Security Institute for those days are made to the employer. The provisions of this paragraph shall not reduce any further rights that employees may have according to law or other collective agreements.

- See the Act No. 19/1979.

8.2. Wages during absence due to illness and accidents

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

The arrangement for wage payments to employees who are absent from work due to illness during the first year of their employment with the employer shall be that payment shall be made for two days in respect of each month they have worked.

8.2.2. Wages in cases of illness and accidents after one year

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

- Following 1 year's work for the same employer: 2 months during each 12-month period;
- Following 5 years' work for the same employer: 4 months during each 12-month period;
- Following 10 years' work for the same employer: 6 months during each 12-month period.

Applying to the Akureyri Commercial and Shopworkers' Union

- Following one year's work: 90 days on full wages and 90 days on half wages during each 12-month period.
- Following 10 years' work: 180 days (on full wages) during each 12-month period.

However, employees who have earned the right to 4 or 6 months' on pay during sick leave with their previous employer and who change workplace shall be entitled to receive wages for not less than 2 months during each 12-month period.

8.3. Medical certificates

If an employee falls ill and is unable, as a consequence, to attend work, he shall immediately notify his superior, who shall decide whether a medical certificate will be required. Such a medical certificate shall be provided by the company's regular physician if this is requested.

8.3.1. Payment for medical certificates

The employer shall pay for medical certificates if the above conditions are met.

8.4. Pre-natal medical examinations

Pregnant women shall have the right to absences from work that are necessary for pre-natal medical examinations without reduction of their regular wages if such examinations must be made during working time.

See also Article 4.7. on maternity/paternity leave.

8.5. Children's illnesses and leave due to circumstances beyond the individual's control

After the first month at work, a parent shall be entitled to spend two days for each month worked looking after his or her children under the age of 13 when they are ill, providing that no other measures can be arranged to have them cared for. After 6 months' employment, this entitlement shall become 12 days during each 12-month period. Parents shall retain their

daytime wages and also supplementary payment for shift work or after-hours work (40%) as appropriate.

The parties are in agreement on the interpretation that the term 'parent' here also refers to foster-parents or guardians who support a child and act *in loco parentis*.

Employees shall be entitled to leave from work in the event of circumstances beyond their control (force majeure) and in the event of urgent family circumstances resulting from illness or accidents and necessitating their presence without delay.

Employees shall not be entitled to wages from the employer in the circumstances mentioned above (*cf.*, however, paragraph 1 of this Article).

8.6. Insurance against death, accidents and disability (incapacity for work)

8.6.1. Obligatory insurance

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

8.6.2. Scope of accident insurance

The insurance shall cover travel, both in Iceland and outside the country, which is undertaken in the service of the employer.

The insurance shall cover accidents that occur in sports, competitions and games providing that these have been held under the auspices of the employer or the employees' association, and participation in such activities is expected as part of the employees' work. In this context, it shall make no difference whether the accident takes place during or outside normal working time. Exceptions from this rule shall be accidents resulting from boxing, wrestling of all types, motor sports, hang-gliding, gliding, bungee jumping, mountain climbing which requires special equipment, abseiling, diving with a diving suit and parachuting.

The insurance will not pay compensation for an accident resulting from the use of motorised vehicles that are subject to registration requirements and for which compensation must be paid according to legally-prescribed motor vehicle insurance, irrespective of whether this is covered by third-party insurance or the driver's and owner's accident insurance under the Traffic Act.

The insurance shall become valid vis-à-vis the employee when he starts work for the employer (is registered on the payroll) and shall expire when he leaves employment.

8.6.3. Index and the indexation of compensation

Insurance amounts shall be based on the consumer price index that is used for indexation purposes and is in force as from 1 February 2008 (282.6); they shall be revised on the first day of each month in direct proportion to changes in the index.

Compensation amounts shall be calculated on the basis of the insurance amounts on the date of the accident, changing in accordance with the consumer price index used for indexation purposes as follows:

Compensation amounts shall change in direct proportion to changes in the index from the date of the accident to the date of settlement.

-See the Protocol 2000 on inability to work due to illness.

8.6.4. Compensation for death

If an accident results in the death of an insured person within three years of the date of the accident, the beneficiaries shall be paid compensation for death following the deduction of all benefit that may already have been paid for permanent medical handicap (disability) resulting from the same accident.

Compensation for death shall be as follows as of 1 May 2008:

1. Compensation to the surviving spouse shall amount to IS 5,000,000. 'Spouse' here refers to an individual who lived with the deceased in marriage, registered same-sex partnership or a registered cohabitational union.
2. To each minor child (under the age of majority) over which the deceased exercised custody or for which the deceased paid child maintenance under the Children's Act, No. 76/2003, compensation payments shall be equivalent to the total amount of child pension according to the Social Security Act at any given time to which the child would have been entitled, due to the death, up to the age of 18 years. This compensation shall be a lump-sum payment. Calculation of compensation shall be based on the amount of child pension on the day of the death. However, compensation paid to each child shall never be lower than ISK 2,000,000. Compensation to children shall be paid to the person who exercises custody over them after the death of the person insured. Each young person aged 18-22

who had the same legal domicile as the deceased, and was demonstrably supported by him or her, shall receive compensation of ISK 500,000. If the deceased was the only person supporting the child or young person, then these compensation sums shall be raised by 100%.

3. If the deceased demonstrably supported a parent or parents (aged 67 or older), the surviving parent, or parents jointly, shall receive compensation amounting to ISK 500,000.
4. If the deceased had no spouse (see item 1) then compensation for death amounting to ISK 500,000 shall be paid to the estate at death.

8.6.5. Compensation for permanent disability

Compensation for permanent disability shall be paid in proportion to the medically assessed consequences of the accident. Permanent disability shall be assessed in points according to the table issued by the Disability Committee for assessing non-financial loss, the assessment being based on the disabled person's state of health as it is when it has become stable.

The basic rate of disability compensation shall be ISK 11,400,000. Compensation for permanent disability shall be calculated as follows: ISK 114,000 shall be paid for each percentage point of disability from 1-25; ISK 228,000 for each point from 26 to 49 and ISK 456,000 for each point from 50 to 100. Thus, compensation for 100% disability shall amount to ISK 31,350,000.

Disability compensation shall also take account of the age of the injured person on the date of the accident, with compensation being reduced by 2% for each year of age above the age of 50. After the age of 70, compensation shall be reduced by 5 of the basic amount for each year of age. However, the age-linking of disability compensation payments shall never result in more than a 90% reduction.

8.6.6. Compensation for temporary disability

If temporary disability results from an accident, the insurance shall pay *per diem* payments in proportion to the loss of working capacity four weeks after the occurrence of the accident and until the worker becomes fit for work again, or until a disability assessment has been made, but not for more than 37 weeks.

Per diem payments for temporary disability shall amount to ISK 25,000 per week. If the worker is partly fit for work, a proportion of *per diem* payments shall be paid.

Per diem payments from the insurance shall be paid to the employer while the worker is paid wages in accordance with a collective agreement or employment contract, and thereafter to the worker.

8.6.7. Employers' insurance

All employers shall be obliged to purchase insurance which meets the above conditions of this collective agreement regarding accident insurance from an insurance company which holds an operating licence in Iceland.

Aspects of the insurance not addressed in this section of this collective agreement shall be subject to the terms and conditions of the insurance company involved and the Insurance Contracts Act, No. 30/2004.

8.6.8. Period of validity regarding compensation amounts

The above provisions on accident insurance and new compensation amounts shall apply to accidents that occur after 1 May 2008.

Section 9 Sick-pay fund, holiday-pay fund, vocational training fund and pension funds

9.1. Sick-pay fund

Employers shall pay 1% of the pay disbursed to their employees into the sick-pay fund of the relevant trade union, unless higher rates of contribution have been agreed in collective agreements.

- See the Employees' Right to Notice and Sick Pay Act, No.19/1979, and the Employees' Terms of Service and Obligatory Pension Rights Act, No. 55/1980.

9.2. Holiday-pay fund

Employers shall pay to the Commercial Workers' Holiday Home Fund 0.25% of the same pay reference base as is used to calculate pension premiums. The parties to this Agreement agree that the pension funds concerned shall see to the collection of this fee, together with a premium of the same size to be paid to the Community Centre Fund of the Commercial Employers' Association (Félagsheimilásjóður verslunarsamtakanna) or to other employers who are parties to this agreement, as agreed in further detail by those paying these fees.

Collection costs shall be divided equally.

- See the Employees' Terms of Service and Obligatory Pension Rights Act, No. 55/1980.

9.3. Vocational training fund

Employers shall pay 0.20% of the wages of union members into a vocational training fund.*

If, on the other hand, the company attends formally to vocational training issues and spends on them an amount comparable to or greater than the proportion stated above, then it shall pay the equivalent of 0.10% of the wages of union members working for the company. The management of the fund shall confirm that these conditions are met on the basis of information provided by the company.*

The trade unions shall pay a complementary contribution equivalent to one quarter of the amount paid by the employers towards the project.*

- See the agreement between SA and VR/LÍV of 1 June 2000 on vocational training.

* As of 1 June 2008, the contribution paid by employers into the vocational training fund rose from 0.15% to 0.20%. At the same time, the contribution by companies which attend to vocational training issues rose from 0.05% to 0.10% and the contribution by the trade unions was changed from one third to one quarter.

9.4. Pension funds

9.4.1. Operation of pension funds

It is agreed that pension funds are to be operated, functioning under the valid laws and regulations, or those that the parties may subsequently approve, and that shop and office workers covered by this shall have the right to become members of them.

- See the Obligatory Pension Rights Insurance and Pension Funds Operations Act, No. 129/1997.

9.4.2. Investment of assets

The parties are in agreement that, in addition to investing its disposable assets in accordance with Article 9 of its Regulations, the pension fund should invest its assets in the form of loans to the major economic sectors at the most advantageous terms.

9.4.3. Premiums

Premiums paid to pension funds shall be calculated in accordance with the rules in force.

Since 1 January 2007, the employer's contribution to collective pension funds has been 8%.

9.4.4. The board of the Commercial Workers' Pension Fund (Lífeyrissjóður verzlunarmanna)

The board of the Commercial Workers' Pension Fund shall consist of equal numbers of representatives of the employers' organisations and VR.

9.4.5. Additional contributions to pension savings

In those cases where the employee makes an additional contribution to the private division of a pension fund, the employer shall pay a counter-contribution as follows:

As of 1 January 2002, the employer's counter-contribution shall be 2% against a contribution of 2-4% by the employee.

9.5. Rehabilitation Fund

As from 1 June 2008, employers shall pay 0.13% to a Rehabilitation Fund (see the declaration by ASÍ and SA accompanying this agreement).

Section 10 The right to employment and to membership of VR/LÍV

10.1. Right to employment

The employers undertake to give commercial workers who are members of VR or the appropriate constituent union of LÍV priority access to engagement for all general commercial work according to this Agreement when this is demanded and when members apply for positions and are competent to do the work involved.

10.2. Right to membership of VR/LÍV

The employers shall be free to choose which of the members of the unions involved they employ. If an employer wishes to employ a person who is not a member, then the union shall be obliged to grant the person entry into the union if he applies for it and if this does not violate the constitution of the union.

Section 11 Union dues

11.1. Collection

The employers undertake to collect annual dues to the union in return for a stamped receipt from the cashier or other union employee, or in another manner as agreed.

- See the Employees' Terms of Service (Etc.) Act, No. 55/1980 -

11.2. Means of collection

The parties are in agreement that the trade unions should be provided with a means of collecting union dues as a percentage of wages, e.g. by collecting the dues together with pension premiums, and using the same calculation base.

11.3. Staffing reports

The employers shall provide the unions with reports on staffing at six-monthly intervals, if requested.

Section 12 Notice of termination (redundancy)

12.1. Notice of termination

For both parties, the notice period for termination of employment shall be

- 1 week during the first three months, which constitute a trial period;
- 1 month during the three months following on from the end of trial period.
- After 6 months' employment, the notice period shall be 3 months.

Notice of termination shall always be given in writing. After the trial period, notice of termination shall furthermore take effect at the change of month.

In cases where an employee is made redundant after 10 years or more of continuous employment at the same company, the notice period shall be

- 4 months if the employee has reached the age of 55,
- 5 months if he has reached the age of 60 and
- 6 months if he has reached the age of 63.

The employee, on the other hand may give 3 months' notice of termination of employment.

These provisions on notice of termination shall not apply, however, if the employee demonstrates gross negligence in his work or if the employer commits an offence against the employee.

12.2. Procedure in redundancies

12.2.1 Redundancies: General

Notice of termination is mutual. All notices of termination shall be given in writing, and shall be in the same language as the employee's contract of employment.

12.2.2 Interview concerning the reason for termination

Employees shall be entitled to have an interview to examine the termination of their employment and the reason for their dismissal (redundancy). Requests for interviews shall be presented within four days of receipt of the notice of termination, and the interview shall take place within four days of presentation of the request.

Either immediately after the interview, or within the next four days, the employee may request that the reasons for termination be explained in writing. If the employer accedes to this request, then he shall comply with it within four days of the presentation of the request.

If the employer does not accede to the employee's request for a written explanation, then the employee shall be entitled to another meeting with the employer within four days concerning the reasons for his dismissal, in the presence of his union shop steward or another representative of the union, if the employee so requests.

12.2.3 Restrictions in law regarding dismissal/termination

When notice of termination is given, legal provisions that restrict the freedom of the employer to dismiss employees shall be observed, including provisions on shop stewards and safety shop stewards, pregnant women and parents who are on maternity/paternity leave, employees who have declared their intention to take maternity/paternity leave and employees with family obligations.

Attention must also be given to Article 4 of the Trade Unions and Industrial Disputes Act, No. 80/1938, the Gender Equality Act, the Part-Time Workers Act, the Act on the Legal Status of Employees in the Event of Change of Ownership of Enterprises and the provisions of the Collective Redundancies Act regarding consultation obligations.

When the employee is under legal protection against dismissal, the employer shall be obliged to give valid reasons in writing for the dismissal.

12.2.4 Penalties

Violations of the provisions of this Section may involve compensatory liability in accordance with the general principles of Tort Law.

12.3. Collective redundancies

The parties are in agreement that it is desirable that notice of redundancy should be directed exclusively at those employees who it is intended to make redundant, and not at all the employees or groups of employees. Accordingly, the parties have made the following agreement:

12.3.1 Scope

This agreement applies solely to collective redundancies affecting permanent employees where the numbers of those to be given notice in a 30-day period are:

- at least 10 in enterprises with 16-100 employees,
- at least 10% of the employees in enterprises with 100-300 employees,
- at least 30 in enterprises with 300 employees or more.

Where employment is terminated in accordance with employment contracts that are made for a specific term or to cover specific problems, this shall not constitute a collective redundancy. This agreement does not apply to the termination of employment of individual employees, to terminations carried out in order to make changes to terms of employment in which it is not intended that the employee stop working, or to the termination of employment of ships' crews.

12.3.2. Consultation

An employer who intends to implement collective redundancies shall, before doing so, consult the shop stewards of the trade unions involved in order to seek ways of avoiding collective redundancies to the extent possible and to reduce their consequences. If there is no shop steward, then the employer shall consult representatives of the employees. Shop stewards shall have the right to obtain information that is relevant concerning the proposed redundancies, particularly as regards the reason for the redundancies, the number of employees it is proposed to lay off and when the redundancies are to be implemented.

12.3.3. Implementation of collective redundancies

If, in the opinion of the employer, collective redundancies are unavoidable, even though the intention is to re-engage part of the employees without their stopping work completely, then the aim shall be that a decision on which of the employees are to be offered re-engagement should be made as soon as possible. Where no decision has been taken on re-engagement, and the employee is informed that he cannot be re-engaged, and this is done sufficiently early in the process so that at least 2/3 of the notice period applying to the employee in question remains, then the notice period shall be extended by one month in the case of a three-month notice period, by three weeks in the case of a two-month notice period and by two weeks in the case of a one-month notice period. This provision applies to employees who have acquired the right to a notice period of at least one month. Notwithstanding the provisions of this Article, an announcement on re-engagement may, in the event of external circumstances that are beyond the employer's control, be made subject to the condition that the employer will be able to continue the activities for which the employee is engaged, without this resulting in an extension of the notice period.

Section 13 Shop stewards

13.1. Choice of shop stewards

Workers may elect one shop steward at all workplaces where 5-50 people are employed; where more than 50 people are employed, they may elect two. After the election, the relevant trade union shall nominate the shop stewards. If it is not possible to hold an election, then the shop stewards shall be nominated by the relevant trade union. Shop stewards may not be elected or nominated for periods longer than two years at a time.

13.2. Time for work as shop stewards

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

13.3. Access to materials

In connection with disputes, shop stewards shall have the right to examine records and work schedules that have a bearing on the matter in dispute. Such information shall be treated as confidential.

13.4. Locker and telephone

The shop steward in a workplace shall have access to a lockable storage space and a telephone, in consultation with his superior.

13.5. Meetings

The shop steward in each enterprise shall be able to call a meeting with the employees twice a year, at the work place and during working hours. These meetings shall begin one hour before the end of the daytime working period if this can be arranged. The meetings shall be called in consultation with the relevant trade union and the managers of the enterprise, with three days' notice, except where the matter to be discussed is extremely urgent and directly connected with a problem at the workplace. In such cases, one day's notice shall be sufficient. Employees' wages shall not be reduced in view of the first hour of the meeting.

13.6. Complaints

Shop stewards shall present employee's complaints to their superiors or other managers within the enterprise before approaching other parties.

13.7. Courses for shop stewards

Shop stewards at workplaces shall be given the opportunity to attend courses intended to increase their competence in their work. Each shop steward shall have the right to attend one or more courses amounting to a total of one week per year. Those who attend these courses shall retain their daytime working wages for up to one week each year, providing that the courses are recognised by both parties. In enterprises with more than 15 employees, the shop stewards shall retain their daytime working wages for up to two weeks during the first year. This shall apply to one shop steward in each enterprise with 5-50 employees and to two shop stewards where there are more than 50 employees.

13.8. Right to attend meetings

When collective agreements are being negotiated, members of VR and LÍV who have been elected to the negotiating committees shall be permitted to attend their meetings during working hours. The same shall apply to representatives to the annual meetings of ASÍ/LÍV and representatives on joint committees of ASÍ/LÍV and SA. Measures shall be taken to ensure that the absence of these employees from work shall have the minimum disruptive effect on the operations of the enterprises in which they work, and each employee shall consult his superior concerning the absences with as much prior notice as possible. The general aim shall be that not more than 1-2 people from each enterprise attend such meetings. Employers shall not be obliged to pay wages for the hours during which the employees are absent.

13.9. Further rights

This agreement concerning shop stewards at workplaces shall not abridge the rights of those trade unions that have already, in their collective agreements, acquired further rights regarding shop stewards at workplaces.

Section 14 Accrued rights

14.1. Accrued rights

Employees' accrued rights shall remain valid if they are re-engaged within one year. In the same way, accrued rights shall become valid again after one month's work if the employee is re-engaged after more than one year but within three years. An employee who has worked for 1 continuous year or more for the same employer shall enjoy his accrued rights again after 3 months' work if he is re-engaged after a break in employment lasting longer than three years, but within 5 years.

Employees who enjoy more advantageous terms than those laid down in this Agreement shall retain them in full while they continue to work at the same job.

14.2 Accrued rights due to work abroad

Foreign workers in Iceland, and Icelandic nationals who have worked abroad shall retain and take with them their accrued working time for the purposes of entitlements under collective agreements that are based on working time in their occupation, providing that the job pursued abroad is considered comparable.

On being engaged, workers shall present evidence of their accrued working time in the form of a certificate from their former employer, or by another equally verifiable method. If, on engagement, a worker is unable to present a certificate that meets the conditions of the third and fourth paragraphs of this Article, he may submit a new certificate within three months of being engaged. In such cases, the accrued rights shall take effect as from the next following change of month. The employer shall confirm having received the certificate.

Information in certificates from previous employers shall include the following:

- The name and personal ID details of the worker involved.
- The name and ID of the enterprise issuing the certificate, together with the telephone number, e-mail address and name of the person responsible for issuing the certificate.
- A description of the work done by the worker involved.
- When the worker involved began working for the enterprise, when he stopped working and whether there were any interruptions of this working period, and if so when.

The certificate shall be in English, and it shall be translated into Icelandic by an officially authorised translator.

Section 15 Handling of disputes

15.1. Conciliation committee

Either party may refer disputes concerning wages and terms, and similar disputes on the interpretation of this Agreement that may arise during its period of validity, to a special conciliation committee consisting of two representatives of each party. The committee shall seek to resolve disputes between the parties.

Section 16 Extension of this Agreement

16.1 Extension of this Agreement

A special premises committee, consisting of two representatives nominated by the ASÍ negotiating committee and two by SA, shall begin work immediately. It shall examine economic trends during the period covered by this Agreement and, as appropriate, seek to work with government authorities in order to promote the achievement of the aims of this Agreement regarding low inflation and special increases of the lowest wages.

At the beginning of February 2009, special attention shall be given to the extension of the Agreement to cover the period 1 March 2009 to 30 November 2010. The Agreement shall be extended to 30 November 2010 if both its premises hold.

The first premise is that the purchasing power of wages in the private sector must have held steady or risen during the period of the agreement (January 2008-December 2008), according to Statistics Iceland's wage index.

The second premise is that inflation shall have fallen. By this is meant that inflation for the year 2008 (i.e. the 12-month inflation rate in December 2008) is to be lower than 5.5%, and furthermore that inflation over the six-month period August 2008-January 2009 is less than 3.8% (annualised rate).

If one or both of these premises for this Agreement does not hold, then a meeting of the ASÍ-SA negotiating committee shall be called immediately and shall seek to agree on response measures to try to promote the aims of this agreement, secure its premises and ensure that the agreement retains its validity. If no agreement can be reached, then the party that does not wish to extend the Agreement shall announce this decision, and this Agreement will then expire as of the end of February 2009; alternatively, it shall be extended to 30 November 2010.

Section 17 Period of validity

17.1. Period of validity

All collective agreements that were most recently valid between the parties shall be extended to 30 November 2010, with the amendments and provisos stated in this Agreement, and shall then expire without special notice of termination.

This Agreement shall enter into force on 1 February 2008.

Protocols, declarations, agreements and appendices.

Protocol 2008

on ID documents at workplaces

The Icelandic Confederation of Labour (ASÍ) and the Confederation of Icelandic Employers (SA) have agreed to continue to work towards the introduction and use of workplace ID documents (workplace IDs), where appropriate, and to focus attention first on the construction industry.

Enterprises may adopt workplace IDs according to their own specifications, bearing their names and logos. The requirements that workplace IDs must meet are that they display the name, photograph and ID No. of the employee, or that they make it possible to link the employee's number to his or her ID No. if this is not recorded on the ID.

Approved parties who enter the workplace for inspection purposes must have open and automatic access to public databases. The most important of these are held by the National Registry (for verifying ID Numbers), by the Ministry of Education, Culture and Science and the district commissioners (for verifying professional qualifications, or whether applications have been made for such qualifications), by the Directorate of Taxes (to verify whether tax cards have been issued and whether tax payments have been made (but not the amounts of such payments)), by the Directorate of Labour (to verify whether notifications have been submitted) and by the pension funds (to verify whether premiums have been paid (but not the amount of such premiums)).

The ASÍ and SA are in agreement on requesting that the Standards Council and/or Icepro draw up a general standard on workplace IDs, including provision for the job designation of the employee to be stated on them. The ASÍ and SA will play an active part in the production of the standard.

The ASÍ and SA are in agreement that workplace IDs should be in full use in workplaces in the construction industry by 1 July 2009. In addition they agree that a system be developed at that time to grant approved inspection parties access to the necessary databases, and that the assistance of public bodies be sought so as to secure this aim.

Protocol 2008

on the revision of special company agreement provisions

The parties have agreed to revise the period of validity of the section of this Agreement dealing with "Special Company Agreement Provisions."

Protocol 2008

on procedure in lay-offs (redundancies) on the labour market

Under an agreement between the ASÍ and SA dated 17 February 2008, the parties have negotiated terms on procedures to be followed in making lay-offs on the labour market. Under the agreement, the employer shall be entitled to an interview with the employee so as to be informed of the reasons why he is being laid off if he so requests. The agreement emphasises that the employer's freedom to terminate employment is subject to certain restrictions under law. The parties furthermore agree to promote good practice in lay-off procedure on the labour market, for which purpose they will work jointly on the production of educational material to be completed by the end of 2008.

Protocol 2008

on insurance companies' conditions

Appendix to the agreement on workers' accident insurance

With the assistance of the insurance companies, the parties will examine whether the conditions applying to their insurance are fully compatible with this Agreement.

Protocol 2008

on the revision of the sections of collective agreements covering shop stewards

The parties agree to revise the provisions of collective agreements covering the education of shop stewards during the period covered by the Agreement in the light of the additional, and changed, responsibilities of shop stewards.

Protocol 2008

on occupational diseases

The parties will use their influence jointly in order to have regulations set on the recording of occupational diseases for which compensation is to be paid in accordance with Article 27 of the Social Security Act, No. 100/2007. The parties regard it as important to step up research and preventive measures in connection with occupational diseases under the auspices of the Occupational Safety and Health Administration.

Protocol 2008

on medical certificates

The parties will call on the Minister of Health to use his influence to change the regulations on medical certificates. A requirement is to be made for a special type of medical certificate in cases of long-term absences from work. If the employee is unfit for work as a result of an illness or accident for four continuous weeks, it should be stated on the medical certificate whether occupational rehabilitation will be necessary in order to achieve, or accelerate, recovery.

Protocol 2008

on notifications to the company physician/service company in the sphere of health and safety at work

The parties regard the development of a preventive health service and the promotion of health and safety at work as being of importance to the labour market. It is important that the develop services in this sphere should be successful so as to produce results for both employees and enterprises. The parties will appoint a discussion committee with the role of reaching an agreement on details of procedures for reporting illness to the company physician/service company in the sphere of health and safety at work. The discussion committee shall examine the following points, amongst others, in the course of its work:

- The conditions to be met by a company physician/service company.
- The procedure regarding notification by employees to the service company in the sphere of safety and health at work of their absence from work due to illness or accidents, if the employer wishes to adopt such an arrangement, and providing that such notifications will, generally speaking, take the place of the submission of medical certificates.
- Non-disclosure obligations and procedures in the handling of data by which an individual may be identified, this having been obtained by the company physician or service company in the course of their work. This shall apply to the collection, handling, storage and deletion of such information.
- How the work of company physicians/service companies may be of benefit to work in the interests of occupational safety and health in companies. In the course of its work, the discussion committee will work with Persónuvernd, the Director-General of Public Health, the Occupational Safety and Health Administration and other interested parties.

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

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

If the parties reach a joint conclusion, the agreement between them shall be regarded as forming part of the collective agreement between their constituent unions and shall take effect as from 1 January 2009. While the work described above is still in progress, the parties will not make any criticisms of the work of the service companies in the sphere of occupational safety and health that have received the approval of the Occupational Health and Safety Administration as service providers, or of their employees' obligation to report to those companies.

Protocol 2008

on gender equality emphases

Equal opportunities for men and women to jobs, career development and wages are an interest shared by workers and enterprises. The parties will therefore work together at the following projects during the period covered by this Agreement. A certification procedure will be developed which companies can use; this will involve the certification of their application of a policy on wage equality and equal opportunities for men and women as regards career development.

An examination of wage structures on the labour market will be carried out, particular attention being given to the wage structures applying to women and men. Particular attention will be given to the possibility of working in collaboration with Statistics Iceland on the investigation of men's and women's wage structures on the basis of Statistics Iceland's database.

Publicity on gender equality on the labour market will be increased with the publication of accessible awareness-raising and educational materials for wage-earners and companies with a view to supporting the work done by companies and employees in the service of gender equality. Such materials should also be made accessible to all those who are involved in human resource management and counselling.

Programme of action

The parties are in agreement on beginning work as soon as possible in order to put the contents of this protocol into practice. The parties will appoint a special collaborative committee to follow the matter through. The collaborative committee will have the following as its guidelines:

- Work on developing a procedure for certifying companies' implementation of a gender equality policy is to begin immediately, the intention being that it should be complete by the end of 2009. This project should be carried out in collaboration with the Icelandic Standards Council, the aim being to issue a special Icelandic standard.

- During the coming weeks, the parties will seek to collaborate with Statistics Iceland on the examination of the wage structures applying to men and women, based on that body's database. The aim should be that examinations of this type should form part of the regular collaboration between these parties.
- The aim should be that the parties' first jointly-produced educational and publicity material should be ready by the end of 2008. In this work, attention should be given, amongst other things, to comparable projects that have been carried out by the social partners in Iceland's neighbouring countries.

Protocol 2008

on information and consultation

The parties are in agreement to work towards collaboration on the dissemination of information and the production of publicity materials on companies' and employees' rights and obligations under the Information and Consultation in Enterprises Act, No. 151/2006.

Protocol 2008 on European Works Councils

The parties are in agreement on working together in order to support enterprises and employees in founding and running European consultative councils (cf. the European Works Councils in Undertakings Act, No. 61/1999). To this end, the parties will complete an implementation plan in May 2008.

The parties also aim at collaboration on the dissemination of information and the production of publicity material on enterprises' and employee's rights and obligations in European Works Councils.

Protocol 2004 on time off at weekends

The parties will call on their constituent members to structure the working time of shop assistants who work every weekday so that they will have time off on at least 6 weekends of every 18 from Friday evening until Monday morning.

Protocol 2004 on two days off in connection with work in December

In the collective agreement of 2004, the 2 days off that were granted in connection with longer working hours in December were abolished. Compensating for this, permanent employees who were in at least 50% positions at the time of signing of the agreement and drew wages over and above the contractual rates (see Article 1.1.) received a 0.5% increase in their basic wages. However, these employees have the right to take two days' leave without pay in connection with longer working hours in December.

Notwithstanding the above, employers and employees are permitted to agree that the employee retains the right to two days' leave in connection with longer working hours in December, without the wage increase as described above.

Protocol 2000 on inability to work due to illness

The parties agree that, in addition to cases of illness and accidents, the sickness rights under this Agreement are to be active if the employee needs to undergo urgent and necessary medical treatment in order to reduce or eradicate consequences of illness that would foreseeably result in his becoming unable to work.

The above definition does not imply a change in the concept of illness in labour law as it has been interpreted by the courts. However, the parties agree that treatment that the employee needs to undergo in order to alleviate the consequences of accidents at work should also result in the activation of sickness rights under this Agreement.

Protocol 2000 on collaboration in connection with wages and terms surveys

The parties will collaborate on a wage and terms survey and ask the Wage Investigation Committee to publish a special breakdown of the wages of commercial workers once a year. Steps shall be taken to ensure that it is not possible to identify wage payments by individual companies or the wages of individuals from the findings of the survey.

Protocol 1997 on the safety of shop assistants

The parties agree that it is necessary to find means to increase the safety of shop assistants, particularly where shops are open in the evening and at weekends. For this purpose, VR, on the one hand, and VSÍ and VMS, on the other, agree to appoint a committee consisting of two persons from each side to make proposals on this matter. Amongst the matters to be examined will be emergency buttons, security systems, minimum numbers of workers and the handling of money.

Protocol 1997 on wage systems and performance

The parties agree that it is desirable that transparent wage systems be developed in companies reflecting in a normal way an assessment of employees' performance, education, suitability for work and other factors that determine their contribution to the company's wealth creation.

Protocol 1997 on the interpretation of Article 2.4.4. on the weekly day off

It is the joint understanding of the parties that where no agreement is made between the employees and the management on the postponement of the weekly day off, an employee shall be entitled to a day off on a weekday in the following week without any reduction of pay.

The same understanding shall apply regarding working trips overseas.

Protocol 1995 on illicit work

The parties agree to seek means to prevent illicit work, including that by teenagers in kiosks (corner shops). Teenagers who work in this way forego various rights, such as the right to sick-pay and pension rights. It is intolerable that teenagers' first experience of the employment market should be that collective agreements and the rules applying to labour relations are not respected.

Protocol 1989 on the proportion of women in managerial positions

The parties agree to aim at increasing the proportion of women in managerial positions in companies.

At the same time, the aim is that women should undertake more responsible and better-paid jobs.

The parties agree to appoint a discussion group to examine the pattern in the wage differential between men and women, and the reason for the wage differential, and methods of reducing it.

Declaration 2008 on the Rehabilitation Fund

During the past year and more, the Icelandic Confederation of Labour (ASÍ) and the Confederation of Icelandic Employers (SA) have discussed a new rehabilitation structure. It has been agreed to begin work on developing this in 2008 by organising services and providing remedies for those workers who become chronically ill or are injured with the result that their working capacity is reduced. The aim of the parties is to become involved in these cases at the earliest possible stage so as to assist each individual in becoming as active on the labour market as his working capacity permits.

A special fund, the Rehabilitation Fund, shall be established in order to plan and supervise the work of service officers who will be primarily under the auspices of the trade unions' sick-pay insurance funds, and to pay the cost of their work and of the consultative services of professionals. Furthermore, the Rehabilitation Fund shall have the resources to pay the cost of remedies and rehabilitation over and above that which is provided under general health services.

The overall aim is that 0.39% of wages should be devoted to the Rehabilitation Fund. In the first stage, it has been agreed between the ASÍ and SA to impose on employers a special 0.13% wage-related levy, a Rehabilitation Levy, in each collective agreement, as from 1 June 2008, this being based on the same base as premiums paid to pension funds. In the second stage, beginning at the beginning of 2009, the aim is that the Government should grant the Rehabilitation Fund the same amount of money as the employers, this being done under a special agreement. In the third stage, beginning at the start of 2010, the ASÍ and SA will use their influence to have the pension funds in the regions covered by their agreements pay the same proportion to the Rehabilitation Funds as the employers pay. Furthermore, the ASÍ and SA will seek ways to have other pension funds pay contributions to the Rehabilitation Fund, as appropriate, so that a full contribution will be obtained for the fund in respect of those individuals for whom the Rehabilitation Levy is paid.

The ASÍ and SA agree to appoint an 8-man board for the Rehabilitation Fund, consisting of 4 from each party. The role of the board shall be to formulate and develop the activities of the fund, to make agreements on service officers and contracts with consultants and other parties.

The payment obligations of employers, sick-pay funds and the pension funds will continue unchanged, but the ASÍ and SA agree that a change should be made regarding the contents of medical certificates by which they would include a statement of the person's working capacity and way to re-enter the labour market when the individual has been absent from work for four consecutive weeks or longer. Payments from the Rehabilitation Fund due to rehabilitation and other remedies for individuals may begin after the needs of the individual concerned have been assessed. The work of the Rehabilitation Fund shall be based on close collaboration between the individuals involved, the companies where they are employed, the trade unions, the service officers, professionals and the health service.

The ASÍ and SA agree to work together on the development of rehabilitation and to ensure that its application will be as effective as possible. For this purpose, the Rehabilitation Fund must be provided with a constitution and working rules set in collaboration with the board of the fund, and it must issue guidelines to employees, companies and the trade unions regarding procedures.

Declaration 1990 on employee's adaptation to retirement

With a view to facilitating their employees' adaptation to retirement, VSÍ and VMS will instruct their members to make efforts to meet the wishes of their employees as regards reducing the proportion of a full job that they work during the years immediately preceding retirement.

Agreement 2008 between SA and ASÍ on information and consultation in undertakings

1. Introduction

With reference to the Act on Information and Consultation in Undertakings, No. 151/2006, the Icelandic Confederation of Employers (SA) and the Icelandic Confederation of Labour (ASÍ) have agreed on the following rules on information and consultation within undertakings as regards representation and the calculation of employee numbers.

2. Calculation of the number of employees

The Act on Information and Consultation applies to undertakings in which an average of at least 50 persons are employed on the domestic labour market. When calculating the number of employees, the average number for the previous calendar year shall be taken. If the average number of employees was under 50 during the previous calendar year, the obligation regarding information and consultation shall nevertheless apply under this Agreement if the number of employees, based on the average over the past four months, exceeds 70. If the average number of employees was

50 or greater during the previous calendar year, the obligation regarding information and consultation shall nevertheless not apply under this Agreement if the number of employees, based on the average over the past four months, is less than 40. Replacement ("supply") workers in connection with summer holidays, illnesses or absence for other reasons shall not influence the calculation of employee numbers.

3. Collaborative committees

- 3.1. In each undertaking (company) covered by this Agreement there shall be a functioning collaborative committee consisting of two representatives of the employer and two representatives of the employees.
- 3.2. The shop stewards of the company shall choose representatives to the collaborative committees from among their group. However, the employees may request that the employees' representative be elected from among the employees, providing that at least one fifth of the employees submit a request to this effect. If there is no shop steward in the company, the employees shall elect their representatives on the collaborative committee from among their number. If there is one shop steward in the company, the employees shall elect the other member of the collaborative committee from among their number.

Those who are not represented by a shop steward shall have the right to vote. The electoral term shall be two years from the date when election results are announced, unless some other arrangement has been decided. When electing shop stewards to the collaborative committee, each shop steward shall have one vote. If an election is held among the employees, the employer shall provide a list of the employees and assist with the preparation of the election materials and the election if necessary. 'Shop stewards' here refers to shop stewards who work on the basis of the Act No. 80/1938 and the provisions of collective agreements applying to shop stewards. Other representatives of the employees on the collaborative committee shall enjoy the same protection as shop stewards as regards their work on the collaborative committee.
- 3.3. The provision of information under the Act on Information and Consultation in Undertakings shall proceed within the forum of the collaborative committee unless another method of implementation is agreed within the collaborative committee.
- 3.4. Consultation with the employees under the Act on Information and Consultation in Undertakings shall proceed within the forum of the collaborative committee unless another method of implementation is agreed within the collaborative committee.
- 3.5. The collaborative committee shall set itself rules governing its work.
- 3.6. The representatives of the employers shall be responsible for calling meetings of the collaborative committee; the aim shall be that it meet not less frequently than twice a year unless the committee itself agrees on another arrangement.
- 3.7. The undertaking's obligations regarding information and consultation shall take effect when the shop stewards or, as appropriate, the employees, have elected their representatives on the collaborative committee in accordance with the rules set forth above, and notified the undertaking of the results of the election.

4. Groups of undertakings

In groups of undertakings with independent subsidiaries, it shall be permitted, subject to the agreement of the collaborative committees of the subsidiaries involved, to establish joint collaborative committees under the auspices of the parent company, including representatives of the collaborative committees of the subsidiaries. Matters of common interest to the subsidiaries may be discussed in this committee. Similarly, when particular circumstances obtain, the collaborative committee of the parent company may take over the role of the collaborative committees of individual subsidiaries. A joint collaborative committee under the auspices of the parent company shall be abolished if either party, the representatives of the employees on the committee or the representatives of the undertaking on the committee, so demand with at least one month's notice.

5. Consultative committee of SA and the ASÍ

A consultative committee, composed of two representatives from each of the parties to this Agreement, shall examine the execution of the Agreement and the application and interpretation of individual provisions thereof as is considered necessary. If disputes arise as to the interpretation of the Agreement, the parties concerned may refer them to the committee, which shall attempt to reach a settlement.

Agreement 2004 between SA and VR/LÍV on educational accounts

The parties declare that they are in favour of ideas by which employees at companies are able to establish special educational accounts.

Educational accounts are intended to cover part of the costs of long courses of study and training that workers decide to attend. The parties declare that they are prepared to seek an arrangement with the government authorities under which such accounts will have the same taxation status as the private divisions of the pension funds. The parties will also encourage companies and unions that are involved in workers' education and training to publicise educational accounts among employees.

A special committee of the parties, composed of two members appointed by each, shall be entrusted with preparing proposals on how further work on this matter should proceed.

Agreement 2000 on vocational training

The parties are in agreement on the importance of vocational training for the Icelandic economy. Enhanced skills and vocational training of workers are necessary elements in achieving greater productivity and improving the competitive position of Icelandic companies. The business sector needs well educated workers who are able to rise to new challenges and changing demands on the labour market. It is important that the training on offer, and the syllabus material, should reflect the needs of the business sector at any given time.

During the period of validity of this Agreement, the parties will mount a joint vocational training project.

The project will be directed by a committee. The main parts of the project will consist of:

1. Grants to union members.
2. Sponsoring of courses.
3. Sponsoring of the production of course materials.
4. Grants to companies to cover vocational training and retraining of their employees.

The committee in charge of the project shall consist of three representatives of the trade unions and three from the Confederation of Icelandic Employers, with two alternates from each side. The project committee shall set itself working rules, which shall be approved by the parties, and define further goals for the project.

The trade unions and the Confederation of Icelandic Employers shall attend to the reception and processing of applications from their respective members in connection with the project. It is not envisaged that the project committee's work will result in significant expense.

Generally, employers shall pay the equivalent of 0.15% of the wages of union members to this project. If the company has a formal programme of vocational training and spends the equivalent of this amount, or more, on it, then it shall pay 0.05% of the wages of union members to this project. The project committee shall confirm that these conditions are met on the basis of information supplied by the company. The project committee shall set itself further rules on the implementation of this provision.

The trade unions shall pay a counter-contribution equivalent to one third of the contribution paid by the employers to the project. In addition, individual projects may be financed by grants from vocational training funds and by direct earnings generated by holding courses.

All other things being equal, the prerequisite for making grants to run courses shall be that a specific part of the cost of running the courses is met by participants' fees as determined in further detail by the project committee.

In spring 2003, the parties to this agreement shall assess the success of the project and the results it has produced. In the light of its conclusion, a decision shall then be taken on a possible continuation next time a collective agreement is negotiated.

This agreement takes effect as from 1 June 2000.

Appendix 2008 on wages in foreign currency

Agreement form

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

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

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

Currency:

- EUR
- USD
- GBP
- Other currency, specify _____

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

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

Proportion of wages to be paid/linked to the foreign currency:

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

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

Date: _____

On behalf of the company:

Employee:

Appendix - Working days 2008 – 2010

2008	24 days' holiday	25 days' holiday	26 days' holiday	28 days' holiday	29 days' holiday
Weekends	104	104	104	104	104
Public holidays	12	12	12	12	12
Holiday	24	25	26	28	29
Working days	226	225	224	222	221
Total	366	366	366	366	366

2009	24 days' holiday	25 days' holiday	26 days' holiday	28 days' holiday	29 days' holiday	30 days' holiday
Weekends	104	104	104	104	104	104
Public holidays	12	12	12	12	12	12
Holiday	24	25	26	28	29	30
Working days	225	224	223	221	220	219
Total	365	365	365	365	365	365

2010	24 days' holiday	25 days' holiday	27 days' holiday	30 days' holiday
Weekends	104	104	104	104
Public holidays	10	10	10	10
Holiday	24	25	27	30
Working days	227	226	224	221
Total	365	365	365	365

Special collective agreement between VR/LÍV and SA covering pharmacy workers

Art. 1. Scope

This special agreement covers workers in pharmacies. It forms part of the general collective agreement between the parties, and is valid for the same period.

Art. 2. Wages

Shop assistants' wages shall be subject to the general collective agreement.

Pharmacist technicians

	<u>1.2.2008</u>	<u>1.3.2009</u>	<u>1.1.2010</u>
Starting wage	163,222	176,722	183,222
After 1 year's exp.	169,712	183,212	189,712
After 3 years' exp.	176,525	190,025	196,525
After 5 years with the same company	183,679	197,179	203,679

The starting wage applies to workers who turn 18 during the calendar year.

Art. 3. Footwear

In pharmacies where the use of special footwear at work is a requirement, the employer shall provide permanently employed workers with one pair of shoes each year. Alternatively, a payment of ISK 4,300 per year may be made to the employee each year to cover costs incurred in connection with shoe purchases. This sum may be transferred between years, with double the sum being paid every second year.

Protocol 2000

on publicity or promotional meetings that workers are obliged to attend

If workers are obliged to attend publicity or promotional meetings outside regular working hours, this shall be taken into account when their wages and terms are determined.

Protocol 1995

on student pharmacist technicians

The parties agree that student pharmacist technicians shall draw wages in accordance with the wage agreements of ordinary shop assistants.

Special collective agreement between VR/LÍV and SA covering workers in guest reception facilities

Art. 1. Scope

This special agreement covers workers in guest reception facilities. It forms part of the general collective agreement between the parties, and is valid for the same period.

Art. 2. Wages

Wages of workers in guest reception facilities:

	<u>1.2.2008</u>	<u>1.3.2009</u>	<u>1.1.2010</u>
Starting wage	156,389	169,889	176,389
After 6 months' exp.	158,429	171,929	178,429
After 1 year's exp.	161,853	175,353	181,853
After 3 years' exp.	165,743	179,243	185,743
After 5 yrs. at the same comp.	170,329	183,829	190,329

The above rates include payments covering the necessary communications connected with changes of shift, preparations and tidying up. Allowance is made for the time required for this being up to 30 minutes for each shift; payment for this is included in the rates and forms part of the basis for overtime rates. Thus, special payments for shift changes have been abolished.

Trainees doing their practical training as receptionists are entitled to wages equivalent to 60% of the starting wage.

Art. 3. Working hours

3.1. Daytime work

In return for fixed monthly wages, employees shall work 39½ hours (36 hours and 35 minutes of active working time) per week, or proportionally shorter if any of the holidays listed in Articles 2.3.1. and 2.3.2. in the general collective agreement fall during the week.

The daytime working period is 08:00 - 17:00, Mondays to Fridays; daytime work may be begun earlier if the employer and employees agree on this. Nevertheless, each employee's daytime work shall always be carried out in a continuous working period each day, and shall never begin before 07:00.

Regular part-time work

An employee who is engaged in a part-time position shall receive hourly rates of pay for work done over and above his job proportion at daytime rates for work in the daytime working period, at overtime rates outside the daytime working period and on contractually-defined holidays and at the rates for major public holidays for work done on major public holidays.

Occasional work

Workers who are called out for occasional work (when they are not under an obligation to work) shall receive hourly rates of pay at daytime rates for work in the daytime working period, at overtime rates outside the daytime working period and on contractually-defined holidays and at the rates for major public holidays for work done on major public holidays.

3.2. Overtime

Overtime work begins after the end of the daytime working period, i.e. after 7 hours and 54 minutes (7 hours and 19 minutes of active working time) during the period 07:00-17:00, Mondays-Fridays.

Where work is done during refreshment and meal breaks during daytime working hours, it shall be paid for at overtime rates.

Art. 4. Shift work

4.1. Shifts

Work may be structured in shifts every day of the week. If shift work is done on only 5 days of the week during the period 17:00-08:00, then the working week shall be only 38 hours.

Each shift shall be not longer than 12 hours and not shorter than four hours. Each shift shall run as a continuous period.

For the purpose of this agreement "shift" refers to a pre-determined working arrangement. Work done by part-time workers over and above their job proportion shall be paid for at hourly rates, at daytime rates for work in the daytime working period, at overtime rates outside the daytime working period and on contractually-defined holidays and at the rates for major public holidays for work done on major public holidays

Shift schedule

Shifts shall normally be planned out for four weeks at a time. The shift scheme shall be hung up where workers have easy access to it one week before work according to the scheme is due to begin. When the scheme is drawn up, effort shall be made, as far as possible, to ensure that

work during peak periods is divided evenly between the workers. Each worker's working scheme shall be determined in his employment contract, and may not be changed without prior termination of the contract or by agreement.

4.2. Supplement on daytime working rates

Supplements shall be paid as follows on daytime wages for that part of the 39½ hours (on average) of work per week falling outside the period 08:00 - 17:00, Mondays-Fridays:

33% for the period 17:00-24:00, Mondays-Fridays.

45% for the period 00:00-08:00 every day, and also at weekends.

Supplements on public holidays

Payment for work done on Maundy Thursday, Easter Monday, the First Day of Summer, 1 May, Ascension Day, Whit Monday and Boxing Day shall carry a 45% supplement.

Supplements on major public holidays

Payment for work done on New Year's Day, Good Friday, Easter Day, Whitsun, 17 June, the August Bank Holiday, Christmas Eve after 12:00, Christmas Day and New Year's Eve after 12:00 shall carry a 90% supplement.

Overtime rates

Work over and above 39½ hours (38 hours in the case of work done in the period 17:00-08:00) on average, in shift work each week, shall be paid for at overtime rates.

Refreshment breaks

Refreshment breaks shall be equivalent to 5 minutes for each hour worked, and shall be divided by agreement between employer and employee. Refreshment breaks shall normally consist of 15 continuous minutes. Work done during refreshment breaks shall be paid for at overtime rates, or shall result in a corresponding shortening of working hours.

4.3. Winter leave due to work on public holidays and major public holidays

Workers who do shift work shall earn 12 days of winter leave, based on a full year's work (96 hours of obligatory working hours, based on full-time employment) in respect of public holidays and major public holidays (cf. Articles 2.3.1. and 2.3.2. of the general collective agreement) which fall on days from Monday to Friday.

If the workplace is closed on the days referred to above, or if days off are granted, then the corresponding number of days shall be deducted from the additional leave days, except in the case of employees who are owed accumulated leave related to shift work. Such changes to the shift schedule shall be announced with one month's notice.

Winter leave days shall be granted during the period 1 October to 1 May. The recording period for winter leave days shall be based on the period October-October.

Subject to agreement between employer and employee, it shall be permitted to have payment replace the leave days referred to, with 8 hours at daytime work rates being paid for each leave day, based on full-time employment. Winter leave days that have accrued during the working period of temporary replacement staff shall be included in their settlement when they stop work.

4.4. Night shifts

Deviations may be made from Article 2.4. of the general collective agreement, with night shifts for 7 days running being separated by 7 days' shift leave by agreement between employer and employee.

Art. 5. Trips to and from the workplace

The cost of travelling to and from the workplace in the capital area (Reykjavik, Kópavogur, Garðabær, Hafnarfjörður, Seltjarnarnes and Mosfellsbær), at times when buses do not run, shall be paid by the employer. The same shall apply to other built-up areas where buses run from morning to evening every day of the week. Each payment shall be equivalent to 2½ times the starting fee charged by taxis. The employer may, however, transport the workers at his own expense if he so wishes.

Art. 6. Working clothes (uniforms)

Uniforms shall be regarded as consisting of trousers or a skirt, a jacket or waistcoat, two blouses, shirts and shoes. These shall be dispensed once a year, for the first time after not more than four month's service. Uniforms are the property of the employer.

Art. 7 Meals

If workers buy meals, partly or entirely, at the workplace, they shall pay for them from their wages each month. Meal breaks occurring during working hours shall be regarded as half meals. This represented ISK 5,069 as of 1 February 2008, based on a consumer price index of 286.20.

Pay-scales in shops

from 1 February 2008 to 28 February 2009

Shop assistants

	Mthly.wage	Daytime	Afte-hours	Overtime	Maj. pub. hol. supp.
16 -year-olds	126,781	745.77	1,044.04	1,316.62	1,743.24
17-year-olds	133,903	787.66	1,102.69	1,390.58	1,841.17
Starting wage	142,450	837.94	1,173.08	1,479.35	1,958.69
After 6 m. at same comp.	153,134	900.79	1,261.06	1,590.30	2,105.60
After 1 yr. at same comp.	154,511	908.89	1,272.40	1,604.60	2,124.53
After 2 yrs. at same comp.	162,144	953.79	1,335.26	1,683.87	2,229.49
After 5 yrs. at same comp.	166,289	978.17	1,369.39	1,726.91	2,286.47

Specially trained shop workers

	Mthly.wage	Daytime	After-hours	Overtime	Maj. pub. hol. supp.
Starting wage	147,356	866.80	1,213.47	1,530.29	2,026.14
After 6 m. at same comp.	158,521	932.48	1,305.42	1,646.24	2,179.67
After 1 yr. at same comp.	159,959	940.93	1,317.26	1,661.17	2,199.43
After 2 yrs. at same comp.	167,937	987.86	1,382.96	1,744.03	2,309.13
After 5 yrs. at same comp.	172,179	1,012.82	1,417.89	1,788.08	2,367.46

Office workers' pay-scales

from 1 February 2008 to 28 February 2009

Office workers

	Mthly.wage	Daytime	After-hours	Overtime	Maj. pub. hol. supp.
Starting wage	61,230	1,007.69	1,410.76	1,674.37	2,216.91
After 3 years' experience	171,988	1,074.93	1,504.90	1,786.10	2,364.84

For pay-scales for 2010, please see www.vr.is