

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

THE COLLECTIVE WAGE AGREEMENT IS STILL UNDER REVIEW AND IS PUBLISHED HERE WITH THE RESERVATION THAT THERE MAY BE FURTHER AMENDMENTS.

PLEASE NOTE THE FOLLOWING:

THIS IS A TRANSLATION ONLY, IN MATTERS OF DISPUTE, PLEASE REFER TO THE ORIGINAL TEXT IN ICELANDIC.

Valid from 1 May 2015 to 31 December 2018

Contents

SECTION 1 WAGES	8
1.1. Pay scales	8
1.1.1. General customer service	8
1.1.2. Wages of workers under the age of 20	8
1.1.3. Office workers	8
1.1.4. Other agreements	9
1.2. Wage structure	9
1.2.1. Wage increases	9
1.2.2. Individually-agreed wages	10
1.2.3. Minimum wages for a full-time position	10
1.3. December and holiday bonuses	11
1.3.1. December bonus	11
1.3.2. Holiday bonus	11
1.3.3. Holiday and December bonus entitlement accrued during childbirth leave	11
1.3.4. Leave instead of holiday and December bonuses	11
1.4. Evaluation and length of service	12
1.5. Courses	12
1.5.1. Courses during working hours	12
1.5.2. Courses outside working hours	12
1.5.3. Courses for salesmen	12
1.6. Divisors	12
1.6.1. Divisors for calculating hourly rates	12
1.6.1.1. When refreshment breaks are taken	12
1.6.1.2. When no refreshment breaks are taken	13
1.6.2. Divisors for calculating daily pay rates and holiday allowance	13
1.7. Wages for after-hours work, overtime work and work on major public holidays	13
1.7.1. After-hours and overtime wages: shop assistants	13
1.7.2. After-hours and overtime wages: office workers	13
1.7.3. Major public holidays	13
1.8. Call-outs	13
1.9. Rules on wage payments	13
1.9.1. Payslips	13
1.9.2. Payment period for after-hours and overtime work	14
1.10. Wages in foreign currency	14
1.11. Contracts of employment and letters confirming employment	14
1.11.1. The preparation of employment contracts	14
1.11.2. Amendments	14
1.11.3. Occasional jobs	14
1.11.4. Employer's duty to inform	14
1.11.5. Work abroad	15
1.11.6. Temporary engagements	15
1.12. Competition provision	15
SECTION 2 WORKING HOURS	17
2.1. Daytime work	17
2.1.1. Daytime work in shops	17
2.1.2. Daytime work of office workers and salesmen	17
2.1.3. Daytime work in bakeries	17
2.1.3.1. Shop workers in bakeries	17
2.1.3.2. Assistants in bakeries	17
2.1.4. Daytime work before 9:00	17
2.1.5. Continuous daytime work	17
2.1.6. Beginning of after-hours/overtime work	17

2.1.7.	Leave in exchange for daytime work	18
2.1.8.	Time off instead of after-hours/overtime pay	18
2.1.9.	End of the daytime working period on Christmas Eve and New Year's Eve	18
2.2.	After-hours work, overtime and work on major public holidays	18
2.2.1.	After-hours work	18
2.2.2.	Overtime work	18
2.2.3.	Work on major public holidays	18
2.2.4.	Work on Saturdays and Sundays	18
2.3.	Holidays and major public holidays	18
2.3.1.	Public holidays	18
2.3.2.	Major public holidays	19
2.4.	Minimum rest periods	19
2.4.1.	Daily rest period	19
2.4.2.	Exceptions and right to take leave	19
2.4.3.	Weekly day off	19
2.4.4.	Postponement of the weekly day off	19
2.4.5.	Breaks	20
2.5.	Breaks in the working time of workers in grocery stores	20
2.6.	Recording of working hours	20
2.6.1.	General	20
2.6.2.	Recording with punchcards	20
2.7.	The rights of part-time workers	20
2.8.	Stand-by shifts	21
2.9.	Disturbance due to use of home telephone	21

SECTION 3 MEAL AND COFFEE BREAKS; FOOD AND TRAVELLING COSTS **22**

3.1.	Meal and coffee breaks during the daytime work period	22
3.1.1.	Meal breaks	22
3.1.2.	Coffee breaks	22
3.2.	Meal and coffee breaks outside the daytime work period	22
3.2.1.	Supper break	22
3.2.2.	When work begins at 16:00 or later	22
3.2.3.	Other meal and coffee breaks	22
3.2.4.	Meal and coffee breaks on Saturdays, Sundays and public holidays	22
3.3.	Work during meal and refreshment breaks	22
3.4.	Travelling to and from the workplace	23
3.5.	Work outside the area covered by the agreement	23
3.5.1.	Food and travelling costs	23
3.5.2.	Rest in connection with travel for the employer	23
3.5.3.	Salesmen's travelling expenses	23
3.6.	Driving expenses	23
3.7.	Per diem allowances abroad	23

SECTION 4 ANNUAL HOLIDAY **24**

4.1.	Annual holiday entitlement	24
4.2.	Holiday taken outside the annual holiday period	24
4.3.	Holiday supplement	24
4.4.	Determining the timing of holiday taking	24
4.5.	Illness and accidents during holidays	24
4.6.	The Holiday Allowance Act	24
4.7.	Maternity/paternity leave	25

SECTION 5 SPECIAL COMPANY AGREEMENT PROVISIONS **26**

5.1.	Aim	26
5.2.	Authorisation to negotiate	26

5.3.	Representatives of the employees – representation in negotiations	26
5.4.	Dissemination of information	26
5.5.	Permitted adaptations	27
5.6.	Remuneration to the employees	27
5.7.	Entry into effect, scope and period of validity	28
5.8.	Effect of special company agreements on terms of employment	28
5.9.	Handling of disputes	28

SECTION 6 FACILITIES, SAFETY AND HEALTH 29

6.1.	Medicine chest, toilet facilities and refreshment facilities	29
6.2.	Rules on canteens/kitchens	29
6.3.	Safety equipment	29
6.3.1.	Penalties for negligence on the part of employees	29
6.3.2.	Penalties for negligence on the part of the employer	29
6.4.	Disputes	29

SECTION 7 TOOLS AND WORKING CLOTHES 30

7.1.	Work clothes and protective clothing	30
7.2.	Insurance and damages compensation	30

SECTION 8 ACCIDENTS AT WORK, ACCIDENT INSURANCE, OCCUPATIONAL DISEASES AND THE PAYMENT OF WAGES IN CASES OF ACCIDENT AND ILLNESS 31

8.1.	Accidents at work and occupational diseases	31
8.1.1.	Medical expenses	31
8.1.2.	Wage payments in cases of accidents at work and occupational diseases	31
8.2.	Wages during absence due to illness and accidents	31
8.2.1.	Wages during absence due to illness and accidents in the first year	31
8.2.2.	Wages in cases of illness and accidents after one year	31
8.3.	Medical certificates	32
8.3.1.	Payment for medical certificates	32
8.4.	Pre-natal medical examinations	32
8.5.	Children's illnesses and leave due to circumstances beyond the individual's control	32
8.6.	Insurance against death, accidents and disability	32
8.6.1.	Obligatory insurance	32
8.6.2.	Scope of accident insurance	32
8.6.3.	Price indexing and indexation of compensation	33
8.6.4.	Death benefits	33
8.6.5.	Compensation for permanent disability	33
8.6.6.	Compensation for temporary disability	33
8.6.7.	Employers' insurance	34
8.6.8.	Effective term of compensation amounts	34

SECTION 9 SICK-PAY FUND, HOLIDAY-PAY FUND, VOCATIONAL TRAINING FUND, PENSION FUNDS AND VOCATIONAL REHABILITATION FUND 35

9.1.	Sick-pay fund	35
9.2.	Holiday-pay fund	35
9.3.	Vocational training fund	35
9.4.	Pension funds	35
9.4.1.	Operation of pension funds	35
9.4.2.	Investment of assets	35
9.4.3.	Premiums	35
9.4.4.	The Board of the Commercial Workers' Pension Fund (Lífeyrissjóður verzlunarmanna)	36
9.4.5.	Additional contributions to pension savings	36

9.5.	Vocational rehabilitation fund	36
SECTION 10 THE RIGHT TO EMPLOYMENT AND TO MEMBERSHIP OF VR/LÍV		37
10.1.	Right to employment	37
10.2.	Right to membership of VR/LÍV	37
SECTION 11 UNION DUES		38
11.1.	Collection	38
11.2.	Means of collection	38
11.3.	Staffing reports	38
SECTION 12 NOTICE OF TERMINATION		39
12.1.	Notice period for termination	39
12.2.	Implementation of termination	39
12.2.1.	In general on termination of employment	39
12.2.2.	Interview on the reason for termination	39
12.2.3.	Limitations to termination authorisations according to law	39
12.2.4.	Sanctions	39
12.3.	Collective redundancies	40
12.3.1.	Scope	40
12.3.2.	Consultation	40
12.3.3.	Implementation of collective redundancies	40
SECTION 13 SHOP STEWARDS		41
13.1.	Selecting shop stewards	41
13.2.	Time for work as shop stewards	41
13.3.	Access to data	41
13.4.	Locker and telephone	41
13.5.	Meetings	41
13.6.	Complaints	41
13.7.	Courses for shop stewards	41
13.8.	Right to attend meetings	41
13.9.	Further rights	42
SECTION 14 ACCRUED RIGHTS		43
14.1.	Accrued rights	43
14.2.	Accrued rights because of work abroad	43
SECTION 15 HANDLING OF DISPUTES		44
15.1.	Conciliation committee	44
SECTION 16 EFFECTIVE TERM AND CONDITIONS FOR THE AGREEMENT		45
16.1.	Validity period	45
16.2.	Conditions for this agreement	45
PROTOCOLS, DECLARATIONS, AGREEMENTS AND APPENDICES		46
Protocol 2015 on flexible retirement		46

Protocol 2015 on discussions about working hours arrangements	46
Protocol 2015 evaluating education for wage calculations	47
Protocol 2015 on consecutive employment and accrued rights	47
Protocol 2015 on tooth damages in occupational accidents	47
Protocol 2015 on the examination of the implementation of employment terminations	47
Protocol 2015 on the revision of the Holiday Allowance Act	47
Protocol 2015 on the safety of shop assistants	47
Protocol 2015 on a consultative committee	47
Protocol 2014 relating to holiday and December supplements that are paid out simultaneously with monthly wages	48
Protocol 2013 on the shared wage policy of the parties	48
Protocol 2013 on vocational training	48
Protocol 2013 on written confirmation of engagement	48
Protocol 2013 on the second paragraph of the final provisions	48
Protocol 2013 on the final provision	49
Protocol 2013 on increased business freedom and purchasing power	49
Protocol 2011 on general wage increases	49
Protocol 2011 on the shared wage policy of ASÍ and SA	49
Protocol 2011 on rates for night work	49
Protocol 2011 regarding the rights of employees who work alone in retail outlets	50
Protocol 2011 on work clothing	50
Protocol 2011 on the definition of shifts	50
Protocol 2011 on sickness and rehabilitation issues	50
Protocol 2011 on notifications of occupational accidents	50
Protocol 2011 on closings due to force majeure circumstances	50
Protocol 2011 on equality issues	50
Protocol 2011 on the recording and treatment of personal information	51
Protocol 2011 on information and consultation	51
Protocol 2011 on temporary work agencies	51
Protocol 2008 on workplace ID cards	51
Protocol 2008 on the review of the special company provisions in collective agreements	52
Protocol 2008 on the arrangement of employment terminations on the labour market	52
Protocol 2008 on the terms and conditions of insurance companies – Appendix to the agreement on workers' accident insurance	52
Protocol 2008 on the review of the collective wage agreement's section on shop stewards	52
Protocol 2008 on occupational diseases	52
Protocol 2008 on medical certificates	52
Protocol 2008 on notifications to the company's medical officer / service company in the sphere of health and safety in the workplace	52
Protocol 2008 on European works councils	53
Protocol 2004 on time off at weekends	53
Protocol 2004 on two days off in connection with work in December	53
Protocol 2000 on inability to work due to illness	53
Protocol 2000 on collaboration in connection with wages and terms surveys	53
Protocol 1997 on wage systems and performance	54
Protocol 1997 on the interpretation of Section 2.4.4. on the weekly day off	54
Protocol 1995 on illicit work	54
Protocol 1989 on the proportion of women in managerial positions	54
Declaration 2015 on pension issues	54
Declaration 2011 on pension issues	54
Statement from ASÍ and SA 2011 on the implementation of tendering issues	55
Declaration 2008 on the Rehabilitation Fund	55
Declaration 1990 on employees' adaptation to retirement	56
2008 Agreement between SA and ASÍ regarding information and consultation in undertakings	56
2004 Agreement regarding educational accounts	57
2000 Agreement regarding vocational training	57
Appendix 2015 Pay adjustment guarantee relating to wage changes on 1 May 2015	59
Appendix 2011 relating to employee interviews	60
Attachment 2008 regarding wages in foreign currencies – Agreement form	61
Appendix – Workdays 2015	62

Appendix – Workdays 2016	62
Appendix – Workdays 2017	62
Appendix – Workdays 2018	62

SPECIAL COLLECTIVE AGREEMENT BETWEEN VR/LÍV AND SA COVERING PHARMACY WORKERS **63**

Article 1	Scope	63
Article 2	Wages	63
Article 3	Footwear	63
Protocol 2000 on publicity or promotional meetings that workers are obliged to attend		63
Protocol 1995 on student pharmacist technicians		63

SPECIAL COLLECTIVE AGREEMENT BETWEEN VR/LÍV AND SA COVERING GUEST RECEPTION WORKERS **64**

Article 1	Scope	64
Article 2	Wages	64
Article 3	Working hours	64
3.1.	Daytime work	64
3.2.	Overtime work	64
Article 4	Shift work	64
4.1.	Shifts	64
4.2.	Supplement on daytime working rates	65
4.3.	Winter leave due to work on public holidays and major public holidays	65
4.4.	Night shifts	65
Article 5	Travel to and from the workplace	66
Article 6	Working clothes (uniforms)	66
Article 7	Meals	66

PAY SCALES **67**

Applicable from 1 May 2015 – 30 April 2016	67
Applicable from 1 May 2016 – 30 April 2017	69
Applicable from 1 May 2017 – 30 April 2018	71
Applicable from 1 May 2018 – 31 December 2018	73

Section 1

Wages

1.1. Pay scales

1.1.1. General customer service

	<u>1.5.2015</u>	<u>1.5.2016</u>	<u>1.5.2017</u>	<u>1.5.2018</u>
Start. wages, aged 20	234,600	249,600	262,532	270,408
After 6 m at comp.	241,884	256,884	268,444	276,497
After 1 yr at comp.	243,261	258,261	269,883	277,979
After 2 yrs at comp.	250,894	265,894	277,859	286,195
After 5 yrs at comp.	255,039	270,039	282,191	290,657

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

	<u>1.5.2015</u>	<u>1.5.2016</u>	<u>1.5.2017</u>	<u>1.5.2018</u>
Starting wages	239,506	254,506	267,658	275,688
After 6 m at comp.	247,271	262,271	274,073	282,295
After 1 yr at comp.	248,709	263,709	275,576	283,843
After 2 yrs at comp.	256,687	271,687	283,913	292,430
After 5 yrs at comp.	260,929	275,929	288,346	296,996

Starting wages apply to workers in the calendar year when they turn 20.

1.1.2. Wages of workers under the age of 20

The wages of those aged 18 and 19 are 95% of the starting wage of those aged 20. Persons aged 18 and 19 who have been employed for at least 6 months (minimum of 700 working hours) in a profession after having reached the age of 16 are entitled to the starting wages of those aged 20. On reaching the age of 20, full account is taken of work experience when assigning length-of-service grades (1800 hours is considered a full year's work).

The employee is to submit confirmation of experience in a profession, in which case length of service is taken into account as of the beginning of the next month after such confirmation has been submitted.

The wages of persons aged 17 are 89% of the starting wage of those aged 20, the wages of those aged 16 are 84%, the wages of those aged 15 are 71% and the wages of those aged 14 are 62% of the same base. The age division of young people under the age of 18 is based on the year of birth.

1.1.3. Office workers

	<u>1.5.2015</u>	<u>1.5.2016</u>	<u>1.5.2017</u>	<u>1.5.2018</u>
Starting wages	261,380	276,380	290,517	299,233
After 3 years exp.	266,988	281,988	294,677	303,517

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 receptions and dispensing pharmacies, reference is made to the appropriate collective agreements.

1.2. Wage structure

1.2.1. Wage increases

Pay scales

Previous pay scales will be replaced by new ones which are part of this agreement, see attachment. The pay scales enter into effect on 1 May 2015, 1 May 2016, 1 May 2017 and 1 May 2018.

Starting wages apply to workers aged 20.

Changes to wages 1 May 2015

Pay adjustment guarantees for workers who began working prior to 1 February 2014

The base wage increase on the entry into effect of this agreement is 7.2% for workers receiving a wage of ISK 300,000 or less and who began working for the employer before 1 February 2014. The base wage increase for workers receiving wages in excess of ISK 300,000 decreases proportionately in even stages from ISK 300,000 down to 3.2% for workers who earn ISK 750,000. Pay adjustment guarantees, therefore, are in accordance with the attachment which is an integral part of this agreement.

Any other wage increases granted to the employee after 2 February 2014 are to be deducted from the base increase amount. Increases in wages and wage-related items according to this provision can never be less than 3.2%.

Pay adjustments for workers who began working during the period between 1 February 2014 and 31 December 2014

In the case of workers who began work in the period from 1 February 2014 to the end of December 2014, their wages and wage related items increase by 3.2% as of the entry into effect of this agreement.

Pay comparison

When comparing wages, the benchmark shall be the fixed weekly or monthly wage in addition to fixed allowances or extra pay of any kind whatsoever, including fixed overtime.

Productivity-related pay structures

Pay adjustment guarantees do not apply to wage earners who work according to productivity-related pay structures where performance-based wages comprise the major part of the wages.

Special increase in pay scales in the collective wage agreement

Pay scales in the collective wage agreement increase especially, as provided for in the attachment. Wage-related items in the collective wage agreement increase by 7.2% unless otherwise negotiated.

Wage changes 1 May 2016

Pay adjustment guarantees for workers who began working prior to 1 May 2015

The base increase of wages on 1 May 2016 is 5.5% for an employee who has been employed by the same employer since 1 May 2015, a minimum of ISK 15,000 on top of monthly wages for daytime work.

Any other wage increases granted to the employee during the period between 2 May 2015 to and including 30 April 2016 are to be deducted from the base increase amount.

Pay adjustments for workers who began working during the period between 1 May 2015 and 31 December 2015

In the case of workers who began work in the period from 1 May 2015 to the end of December 2015, their wages and wage-related items increase by 3.2% as of 1 May 2016.

Pay comparison

When comparing wages, the benchmark shall be the fixed weekly or monthly wage in addition to fixed allowances or extra pay of any kind whatsoever, including fixed overtime.

Productivity-related pay structures

Pay adjustment guarantees do not apply to wage earners who work according to productivity-related pay structures where performance-based wages comprise the major part of the wages.

Special increase in pay scales in the collective wage agreement

Pay scales in the collective wage agreement increase especially, as provided for in the attachment. Wage-related items in the collective wage agreement increase by 5.5% unless otherwise negotiated.

Wage changes 1 May 2017

Wages and wage-related items will increase by 3.0% on 1 May 2017.

The pay scales of this collective wage agreement will increase by 4.5% as of the same date, as provided for in the attachment.

Wage changes 1 May 2018

Wages and wage-related items will increase by 2.0% on 1 May 2018.

The pay scales of this collective wage agreement will increase by 3.0% as of the same date, as provided for in the attachment.

1.2.2. Individually-agreed wages

Wage agreements between employer and employee shall reflect the employee's work contribution, competence, educational qualifications and skills, as well as the nature of the job and the responsibility involved. Decisions regarding wages shall take account of the Gender Equality Act. If wages at workplaces where the 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. The employer will in the same manner verify the composition of employee's overall agreement and demonstrate that the employee's total pay and conditions are not worse than those provided for in the collective agreement, should the employee so wish.

An employee is entitled to have an interview with his superior once a year concerning his job and possible changes in employment terms. If the employee requests an interview, it should be granted within two months, and the resulting outcome of the interview should be available within one month.

See the attachment from 2011, page 60, as regards employee interviews, which contains guidelines on what subjects can be considered normal to discuss in such interviews.

1.2.3. Minimum wages for a full-time position

Minimum income for a full-time position, i.e. 171.15 hours worked per month (39.5 hours per week), are to be as follows for an employee who has reached the age of 18 and has worked for at least six months in the same company (a minimum of, however, 900 hours):

1 May 2015	ISK 245,000 per month
1 May 2016	ISK 260,000 per month
1 May 2017	ISK 280,000 per month
1 May 2018	ISK 300,000 per month

Every month, an extra compensation shall be paid on top of the wages of those employees who do not attain the above income. In this connection, wages mean any payments, including any type of bonus

payments or allowances and extra pay, that accrue within the period of the above working hours. The extra compensation paid to ensure minimum wage income is not reduced as the result of any contractual wage increase due to increased education for which the parties to the agreement are jointly responsible.

Pay for overtime work carried out in excess of the 171.15 hours per month and payments to cover expenses paid are not included in this context.

1.3. December and holiday bonuses

1.3.1. December bonus

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

In 2015: ISK 78,000

In 2016: ISK 82,000

In 2017: ISK 86,000

In 2018: ISK 89,000

A full year's employment, for this purpose, is 45 worked weeks or more, excluding holiday time (annual vacation). The bonus is to be paid no later than 15 December of each year, based on the employee's job proportion and length of employment, to all employees who have been employed by an employer for 12 weeks over the past 12 months or who are employed during the first week of December. An agreement may be reached with the employee to the effect that the settlement period runs from 1 December to 30 November of each year instead of the calendar year.

The December bonus includes holiday (vacation) pay, and it is a fixed amount that is not subject to changes according to other provisions. Accrued December bonus shall be paid upon termination of employment in the event that such termination occurs prior to the due date for the bonus.

1.3.2. Holiday bonus

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

For the reference year beginning on 1 May 2015: ISK 42,000

For the reference year beginning on 1 May 2016: ISK 44,500

For the reference year beginning on 1 May 2017: ISK 46,500

For the reference year beginning on 1 May 2018: ISK 48,000

A full year's employment, for this purpose, is 45 worked weeks or more, excluding holiday time (annual vacation). The bonus shall be paid before 1 June, based on the employee's job proportion and length of employment during the holiday reference year, to all employees who have been in continuous employment for the same employer for 12 weeks during the previous 12 months as of 30 April or are employed during the first week of May.

The holiday bonus includes holiday (vacation) pay, and it is a fixed sum that is not subject to change according to other provisions. Accrued holiday bonus shall be settled upon termination of employment in the event that such termination occurs prior to the due date for the bonus.

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

After one year in the employment of the same employer, any absence due to legally prescribed maternity / paternity leave shall be counted as working time when calculating the December and holiday bonuses. The same applies 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

The employee and the employer may reach an agreement to waive or reduce holiday and/or December bonuses, 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 255,039 for full-time employment, based on daytime work. His daily wage is therefore ISK 11,796 (255,039/21.67). The holiday bonus is ISK 42,000 (2015).

*Instead of this ISK 42,000 holiday bonus, the employee and employer may agree that the employee receive 3.5 days of leave at full pay (ISK 11,769*3.5) and payment of ISK 809, 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 workload he undertakes. The parties shall agree on the remuneration before the deputising takes place.

When evaluating length of service for wage calculations, attainment of the age of 22 shall grant the right to be placed on the next service-related step above the starting rate. This does 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 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 hours

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 the employees' wages. Such courses shall be aimed at increasing employees' competence and professional knowledge.

Employees may spend up to 4 daytime work hours each year attending industry-related courses without a cut in wages for daytime work, provided that at least half the course hours are attended on his own time. Time for course attendance shall be chosen taking into consideration the type of operation of the company.

1.5.2. Courses outside working hours

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. This may never, however, result in a reduction of the employee's regular monthly wage.

In the case of courses intended to acquire knowledge/rights which are of use only in the company in question, the employee will receive payment for all the hours spent on the course, unless the parties agree otherwise, such as in wage terms.

1.5.3. Courses for salesmen

It is desirable, where possible, that salesmen should be sent on the courses available to them within their profession, both in Iceland and abroad, and that the employer pay their course fees and travelling and maintenance costs.

- For further provisions on salesmen, see Section 2.1.2. (on working hours) and Section 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 is found by dividing the regular wage of the appropriate step on the pay scale (see Section 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 Section 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 allowance

Each employee's daily daytime rate of pay is found by dividing his regular monthly wage by 21.67 (Saturdays are not included).

1.7. Wages for after-hours work, overtime work and work on major public holidays

Calculation of overtime work is governed by the provisions of an employment contract or written confirmation of employment.

1.7.1. After-hours and overtime wages: shop assistants

Payment for work done outside the daytime working hours 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.

Payment for work carried out between the hours of 0:00 and 7:00 shall be at an hourly rate that is 0.8824% of monthly wages for daytime work up to 171.15 hours per month.

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.

Payment for work carried out between the hours of 0:00 and 7:00 shall be at an hourly rate that is 0.9375% of monthly wages for daytime work up to 162.5 hours per month.

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 in exchange for work on the days indicated, in which case the valid rules on payment shall apply without amendment.

For a definition of major public holidays, see Section 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. Payslips

Employees shall receive a payslip when each wage payment is made. Payslips must be itemised, e.g. under daytime pay, after-hours pay and overtime pay, with the number of hours worked in after-hours and overtime work being stated. All deductions must also be itemised.

In workplaces where electronic registration or a time clock are used to register working hours, the employee may request access to or a copy of the time registration.

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

The employee and the employer may agree that a part of the regular monthly wage is to be paid in a foreign currency or that a part of the regular monthly wage may be linked to the exchange rate of a foreign currency. The selling rate of the currency should be used for reference on the date when the agreement between the employee and the employer was made.

Regular monthly wages shall be calculated and stated on the payslip as follows:

1. The regular monthly wages designated in ISK on the date of the agreement.
2. To be deducted is the amount in ISK that an agreement has been made to pay in a foreign currency or to link to the exchange rate of a foreign currency on the date of the agreement.
3. The part of the fixed monthly wage paid in or linked to foreign currency (cf. item 2), calculated in ISK at the selling rate of the foreign currency three business days before the date of payment.

The sum of items 1–3, however, may never be lower than the minimum rate of the collective agreement in force for the industry in question.

The sum of items 1–3 forms the base for the payment of taxes and contributions in accordance with the collective agreement, such as to the pension fund, employee association fund, union sickness fund, vocational rehabilitation fund, holiday home fund and the re-education fund.

The employee and the employer can negotiate that overtime, shift premiums, bonuses and other payments will be settled in part or fully in a foreign currency.

Wage increases shall only be calculated with respect to item 1, i.e. regular monthly wages in ISK.

An employee can, whenever he wishes, request the termination of the agreement. In the event that an employee submits such a request, the employer should comply with it from and including the beginning of second month from that date. An employee shall receive wages according to item 1 as amended from the date when the original agreement was made.

The employee and the employer must enter into a written agreement regarding the payment of wages in foreign currency or regarding wage linkage with a foreign currency.

- See 2008 attachment to agreement on wages in foreign currencies – Contract form, page 61

1.11. Contracts of employment and letters confirming employment

1.11.1. The preparation of employment contracts

Wherever a worker is engaged for a period of more than one month and for more than 8 hours per week, on average, a contract of employment must be prepared no later than two months after the commencement of the job, or the engagement shall be confirmed in writing. If the employee stops work before the two-month period is up, without a contract of employment having been prepared or the engagement having been confirmed in writing, then he shall be provided with such a confirmation at the termination of employment. The employer will be held liable for compensation in the event that the provisions of this article are violated.

1.11.2. Amendments

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

1.11.3. Occasional jobs

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

1.11.4. Employer's duty to inform

Contracts of employment 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 and nature 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, monthly wage rate used as base for calculations for overtime, other payments and perquisites, as well as the payment periods.
9. The length of an ordinary working day or week, weekly work hours or employment ratio.
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 Section 1.11.4, the following must be stated:

1. The estimated 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 governed by Act No. 139/2003 on the Temporary Engagement of Employees.

1.12. Competition provision

Provisions in contracts of employment that prohibit the hiring of employees by competitors of the employer are non-binding if such an engagement is wider in scope than would be necessary in order to prevent competition or to limit in an unfair manner the employee's freedom to employment. If that would be the case, each case must be evaluated on a case-by-case basis, taking into consideration all circumstances. Competition provisions may not be worded too generally.

When assessing how far-reaching competition provisions in an employment contract may be, particularly as regards their scope of application and the time limits involved, the following factors must be considered:

- a. The type of work performed by the worker involved, e.g. is he a key employee, is he in direct contact with the customers or is there significant confidentiality attached to his job? In addition, what knowledge or information might the employee possess with regard to the activities of the company or its customers?
- b. How quickly the employee's knowledge becomes outdated and whether a normal balance is kept among the employees.
- c. The type of operations involved and the identity of the competitors in the market where the company operates and which the employee's know-how covers.
- d. That an employee's freedom of employment is not restricted in an unfair manner.
- e. That the non-competition clause is delineated and concise with regard to the purpose of protecting certain competition interests.

- f. The remuneration of the employee will also have an effect, i.e. for instance, what his wages are.

The competition provisions of employment contracts do not apply if the employee is dismissed from his job without sufficient cause.

Section 2

Working hours

2.1. Daytime work

2.1.1. Daytime work in shops

Active working hours in daytime work, i.e. the time actually worked by shop workers, excluding meal and refreshment breaks, is to be 36 hours and 35 minutes per week. Daytime hours shall be from 9:00 to 18:00 from Monday to Friday. If workers take their contractual refreshment breaks, then working hours shall be lengthened accordingly (cf. Section 3.1.2.), in which case weekly working hours are to be 39½ hours. Working hours 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 hours in daytime work, i.e. the time actually worked by office workers and salesmen, excluding meal and refreshment breaks, is to be 36 hours and 15 minutes per week. If workers take their contractual refreshment breaks, then working hours shall be lengthened accordingly (cf. Section 3.1.2.), in which case weekly working hours are to be 37½ hours. Working hours 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 9:00, after 17:00 and/or shorter lunch breaks.

- For other provisions on salesmen, see Section 1.5.3. (on learning courses) and Section 3.5.3. (on travelling expenses).

2.1.3. Daytime work in bakeries

2.1.3.1. Shop workers in bakeries

Active working hours in daytime work, i.e. the time actually worked by shop workers, excluding meal and refreshment breaks, is to be 36 hours and 35 minutes per week. Daytime hours shall be from 8:00 to 18:00 from Monday to Friday. If workers take their contractual refreshment breaks, then working hours shall be lengthened accordingly (cf. Section 3.1.2.), in which case weekly working time shall normally be 39½ hours. Working hours 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 hours in daytime work, i.e. the time actually worked by assistants in bakeries, excluding meal and refreshment breaks, is to be 36 hours and 35 minutes per week. Daytime hours shall be from 7:00 to 17:00 from Monday to Friday. If workers take their contractual refreshment breaks, then working hours shall be lengthened accordingly (cf. Section 3.1.2.), in which case weekly working time shall normally be 39½ hours. Working hours 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 co-ordinate 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 9:00

Daytime work may nevertheless begin before 9:00, according to what is considered the best arrangement for each occupation or company. Daytime work may never, however, begin before 7:00.

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

Employers and employees may enter into 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 paid leave later on, specified in whole and half days.

2.1.8. Time off instead of after-hours/overtime pay

An agreement may be reached between the employee and the employer to accrue leave due to after-hours/overtime work in such a manner that after-hours/overtime hours accrue for leave taking during daytime hours while the difference between after-hours/overtime pay and daytime pay is paid out on the next regular wage payment date or accrues in total toward leave taking during daytime work periods. The value of worked after-hours/overtime hours is to be used as the basis.

The parties are to reach an agreement as to when the leave is taken. Entitlement to leave pursuant to the above that has not been used before 1 May each year or on termination of employment is to be paid out based on the value of daytime work hours on the date of payment. 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.

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 hours 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 hours, reference is made to the appendix on annual working hours.

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, as well as all public holidays listed in Section 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, as well as on all public holidays listed in Section 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 Section 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 Sections 2.3.1 and 2.3.2.

2.3.1. Public holidays

Public 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 Sunday, Whit Sunday, 17 June, the August Bank Holiday (first Monday in August), Christmas Day and the period 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 6:00.

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 many 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 (VSÍ) from 30 December 1996, the following shall apply: if employees 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) accumulates 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 employee, 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, with the entitlement counted as part of the period of engagement.

Work may not, except with the agreement of the employee, be so arranged that accrued leave is taken during periods when the employee is travelling on behalf of the employer or is engaged in work away from his home/residence except in the normal continuation of such accrual.

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. The company may, however, 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 reached thereto. 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 shift-work supplement.

In the event that the employee, at the request of the employer, needs to travel between countries during unpaid days off, he must receive, on arrival back home, leave corresponding to 8 daytime work hours for each day off thus lost, provided that account has not been taken thereof in the determination of his wages. The taking of such days off is governed in the same manner as provided for in the section on minimum rest and leave taking.

[Protocols of March 1997 and May 2000 on the interpretation of Section 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 Section 3.1.

Regarding the scope, working time, breaks and other matters, reference is made to the collective agreement between ASÍ and VSÍ from 30 December 1996 on certain matters pertaining to the structure of working time, which is regarded as part of this collective agreement. The aforementioned provisions supplement Section 13 of this agreement.

2.5. Breaks in the working time of workers in grocery stores

In view of the additional workload on staff working on cash registers 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, provided that no evening meal break is taken on the aforementioned days.

2.6. Recording of working hours

2.6.1. General

Employees shall turn up punctually for work, whether such work 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 punchcards

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 in proportion to those paid to full-time employees according to Section 2.1., i.e. 39½ hours or 37½ hours.

Employees who work regular part-time work for the same employer 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 hours.

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 negotiated 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 Sections 2.3.1. and 2.3.2., the proportion shall be 50%.

For stand-by duty in which the employee is not required to 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 Sections 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 an employee's home or mobile telephone numbers are listed by the company in the company's telephone directory, the workload resulting from this shall be taken into account when determining 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. Entitlement 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, with 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 as appropriate. 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) with respect to 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 3:00 to 4:00 and coffee breaks from 22:00 to 22:20 and from 6:15 to 6:30.

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 Section 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

Travel to and from the workplace in the greater Reykjavík Area (Reykjavík – Kópavogur – Garðabær – Hafnarfjörður – Mofellsbær – 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. Section 2.4.1.).

3.5.3. Salesmen's travelling expenses

The employer shall at all times pay all accommodation, food and travelling costs incurred in sales trips according to invoices. For longer working periods on sales trips, salesmen shall receive a 43% supplement on their monthly wages if the sales trip lasts 5 days or fewer and 65% if the duration of the sales trip exceeds 5 days. This supplement shall be paid on the monthly wage in direct proportion to the number of days during which travel 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 reached regarding daily rates.

- For further provisions on salesmen, see Section 1.5.3. (on courses) and Section 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 these rates will be published in accordance with amendments to the 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 travel abroad shall be subject to the decisions of the Government Travelling Expenses Committee unless the company has special rules on the payment of travelling expenses.

Section 4

Annual holiday

4.1. Annual holiday entitlement

Minimum annual holiday entitlement shall be 24 working days. Annual holiday allowance 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 by law that holidays 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 an increase in the equivalent payment.

4.3. Holiday supplement

Following 5 years' employment in the same profession, employees' holiday entitlement shall be 25 days, and holiday allowance shall be 10.64%.

Following 5 years' employment in the same company, employees' holiday entitlement shall be 27 days, and holiday allowance shall be 11.591%.

Following 10 years' employment in the same company, employees' holiday entitlement shall be 30 days, and holiday allowance shall be 13.04%.

Holiday rights accrued because of work for the same company will be renewed after three years work for a new company provided that this has been verified.

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

- Concerning holiday bonus, see Section 1.3.2.

4.4. Determining the timing of holiday taking

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

4.5. Illness and accidents during holidays

In the event that an employee falls so ill while on holiday in Iceland, in a country within the EEA area, Switzerland, the US or Canada that he is unable to enjoy the holiday, he must notify his employer of such event on the first day of illness by means of e.g. telegraph, e-mail or other verifiable manner unless force majeure circumstances prevent him from doing so, in which case he must send notification as soon as such circumstances are alleviated. If the employee meets the notification requirement, the illness lasts for more than 3 full days and he notifies the employer within that time of the name of the doctor from whom he is receiving medical care or who will issue a medical certificate, he shall be entitled to additional holiday leave for the same length of time as his illness demonstrably lasted.

In the above circumstances, the employee must always provide confirmation of illness in the form of a doctor's certificate. The employer is entitled to have a physician examine an employee who has fallen ill during his holiday. As far as is possible, additional holiday leave shall be granted at the time requested by the employee during the period from 2 May to 15 September, except where special circumstances apply. The same rules as stated above apply to accidents during holidays.

4.6. The Holiday Allowance Act

In other respects, holiday time shall be governed by the provisions of Act No. 30/1987 on Holiday Allowance.

4.7. Maternity/paternity leave

Maternity/paternity and parental leave are subject to Act No. 95/2000 on the same subject.

Under the Act on Maternity/Paternity Leave and Parental Leave, childbirth 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 entitlements 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 entitlements, i.e. the right to take a holiday, but not for the calculation of holiday pay.

- See also Section 8.4 on pre-natal medical examinations

Example demonstrating how holiday pay is calculated:

A person's wages for shop work in June 2015 are ISK 260,000 for daytime work and ISK 45,000 for overtime for each month worked. His total wages, therefore, are ISK 305,000. His holiday pay for that month will be 10.17% of ISK 305,000, i.e. ISK 31,018.

This holiday pay is converted to hours of holiday by dividing it by the current hourly day-wage rate, which is ISK 1,529.41 (260,000/170). Thus, the number of holiday hours for the month of June is 20.28 hours (305,000 x 10.17% / 1,529.41).

Over the holiday leave year, this person could, e.g., have acquired 223.08 hours of holiday leave entitlement (11 months x 20.28 hrs.). When he goes on holiday in summer 2016, his wages will have risen and his hourly rate will therefore be ISK 1,617.64. Thus, this employee's holiday allowance will be ISK 360,863 (223.08 hours of leave x ISK 1,617.64 per hour).

Section 5

Special company agreement provisions

5.1. Aim

The aim of the special enterprise/company provisions in this collective wage agreement is to stimulate collaboration between employees and employers in the workplace with the aim of creating 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. The aim at all times is to be that defined gains should be apportioned between the employees and the company according to clear principles.

5.2. Authorisation to negotiate

The special enterprise/company provisions are normally to apply to all employees covered by the collective agreements by the relevant unions. Special agreements, however, may be made in individual delineated workplaces if this is agreed.

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

When a decision has been made 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 the decision has been made 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, depending on 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 must 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 Reykjavík (VR) may take steps to have a negotiating committee elected.

5.4. Dissemination of information

Before a special enterprise/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 enterprise/company agreement.

During the period of validity of the special enterprise/company agreement, shop stewards shall be informed twice each year of the matters mentioned above and the operational direction the company is focused on. 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 reached 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 base rate for daytime work.
- d. Holiday allowance for after-hours/overtime work. An agreement may be reached 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 should be paid for in the form of taking leave for the equivalent amount of daytime hours, but the supplementary payment for after-hours/overtime work is to be paid in cash.
- e. Refreshment breaks. Agreements may be reached on arrangements different from those in this general agreement regarding meal and coffee breaks.
- f. 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 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 leaves the employ of the employer, 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 be permitted only in cases 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 an 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 reached 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. The benefit to the company, however, and the remuneration to the employees must be clearly stated in the agreement. Both these elements are deviations from this agreement and may be abolished by termination under Section 5.7.

5.7. Entry into effect, 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. 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. Either party may request a review when one year has elapsed. 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. Handling of disputes

In the event of a dispute within the company on the interpretation or application of a special company agreement that 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 Section 5.7., either party may refer it for a ruling by an impartial party. Sixty-five percent 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 medicinal products and bandages, and that the workers have access to a toilet, running water and a wash-basin.

All workplaces are to have facilities for consuming 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 area.

6.3. **Safety equipment**

The safety equipment considered necessary by the Administration of Occupational Safety and Health due to the nature of the work, or that which 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 such equipment 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 having been given a written caution. The employees' shop steward shall immediately establish whether such a dismissal was based on good reason 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. In such case, the immediate dismissal shall not take effect.

Violations of safety rules that result in a threat to the life and limbs of 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 stipulated in collective agreements and the use of which has been required by the Administration of Occupational Safety and Health 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**

In the event of a dispute with respect to this section of the agreement, such dispute may be referred to the standing committees of ASÍ (Icelandic Confederation of Labour) and SA (Confederation of Icelandic Employers).

Act No. 46/1980, and rules and regulations established thereunder, shall apply to working facilities and safety and health at work.

Section 7

Tools and working clothes

7.1. Work clothes and protective clothing

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

7.2. Insurance and damages compensation

If an employee demonstrably suffers damage to ordinary, necessary clothing or personal items, such as a wristwatch, spectacles, etc., in the course of his work, compensation shall be paid 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 in 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.

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

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 during travel 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 Icelandic Health Insurance (Sjúkratryggingar Íslands) for those days are given over 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 Act No. 19/1979

Description

Inability to work due to accident can either manifest itself immediately after an accident or later. Proof and causal connection are governed by general rules.

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

Wage payments to employees who are absent from work due to illness during the first year of their employment with the employer shall be two days for each month they have worked.

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

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

- After 1 year's work for the same employer: 2 months for every 12 months
- After 5 years' work for the same employer: 4 months for every 12 months
- After 10 years' work for the same employer: 6 months for every 12 months

Description

Illness rights are based on paid illness days during a 12-month wage period. When an employee becomes unable to work, account is first taken of the number of illness days that have been paid during the preceding 12 wage months and this number deducted from accrued illness rights. In the event that an employee was not been paid a wage during some of that period, such period is not included in the calculations.

However, employees who have earned the right to 4 or 6 months' wages 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.

- See Protocol 2000 on inability to work due to illness, page 52

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 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 are entitled to absences from work which are necessary for pre-natal medical examinations without reduction of their regular wages if such examinations must be made during working hours.

- See also Section 4.7. on maternity/paternity leave

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

After the first six months of work for an employer, parents may spend two days for each worked month looking after their children under the age of 13, provided that no other arrangements can be made to have them cared for. After 6 months' employment, the entitlement will be 12 days during each 12-month period. Parents retain their daytime wages as well as supplementary payment for shift work or after-hours work (40%) as appropriate.

The parties agree 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, the provisions of the first paragraph).

8.6. Insurance against death, accidents and disability

8.6.1. Obligatory insurance

Employers are obliged to insure the wage-earners covered by this agreement against death, permanent medical disability and/or temporary disability resulting from an accident at work or on a normal route from their homes to the workplace and from the workplace to their homes as well to and from the workplace during refreshment breaks. If an employee is temporarily stationed at a location outside his home in connection with work, the temporary location shall replace the home for the purposes 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 applies during travel within Iceland and abroad if undertaken on behalf of the employer.

The insurance applies to accidents occurring during sports activities, competitions and games, provided that such events are organised by the employer or the staff association and the employee is expected to participate in such events as a part of the employee's work. In this respect, it does not matter whether or not the accident occurs during normal working hours. Exempted are accidents that occur in boxing, any form of wrestling, driving sports, hang-gliding, sailplaning, parachuting, bungee-jumping, mountain climbing that requires special equipment, cliff rappelling, scuba diving and parachuting.

The insurance does not pay compensation for accidents resulting from the use of motorised vehicles subject to registration in Iceland and which are covered by legally prescribed vehicle insurance, irrespective of whether covered by third-party insurance or by the driver's and owner's accident insurance under the Traffic Act.

The insurance shall take effect with respect to the employee when he begins working for the employer (is added to the payroll roster) and expires when employment is terminated.

8.6.3. Price indexing and indexation of compensation

Insurance amounts are based on the consumer price index for inflation adjustment effective from 1 August 2015 (429.3 points) and are adjusted on the first day of each month in proportion to the adjustment of the price index.

Compensation amounts are calculated on the basis of the insurance amounts on the date of the accident but are adjusted, however, on the basis of the consumer price index as follows:

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

8.6.4. Death benefits

In the event that an accident causes the death of the insured within three years from the date of the accident, the beneficiaries shall be paid death benefits, less already paid-out benefits for permanent medical disability resulting from the same accident.

Death benefits as of 1 August 2015:

1. To the surviving spouse, the benefits shall amount to ISK 7,595,541. The term spouse refers to an individual who was married to the deceased, in registered partnership or common-law marriage.
2. To each minor that the deceased had custody of or paid child-support for in accordance with the Children's Act No. 76/2003, the benefits shall be equivalent to the total amount of child support in accordance with the Social Security Act as current, to which the child would have been entitled due to the death until the age of 18. The benefits are paid in a lump sum. On the calculation of benefits, account shall be taken of child support on the date of death. Benefits to each child, however, shall never be less than ISK 3,038,216. Benefits to children shall be paid to the party who has custody of them after the death of the insured. To each adolescent aged between 18 and 22 who has the same domicile as the deceased and who were demonstrably supported by the deceased, the benefits shall amount to ISK 759,555. If the deceased was the sole provider for the child, the compensation shall increase by 100%.
3. If the deceased demonstrably supported a parent or parents aged 67 or more, the surviving parent, or parents jointly, shall receive benefits amounting to ISK 759,555.
4. If the deceased had no spouse pursuant to item 1 above, then death benefits amounting to ISK 759,555 shall be paid to the estate of the deceased.

8.6.5. Compensation for permanent disability

Compensation for permanent disability shall be paid in proportion to the medical consequences of the accident. Permanent disability shall be evaluated according to injury indices issued by the Disability Committee. The evaluation shall be based on the health of the injured party as it is when it has stabilised.

The base amount of disability compensation is ISK 17,317,835. Compensation for permanent disability shall be calculated in such a manner that ISK 173,179 is paid for each disability degree from 1 to 25, ISK 346,357 is paid for each degree of disability from 26 to 50 and 692,713 for each degree of disability from 50 to 100. Compensation for 100% disability, therefore, is ISK 47,624,045.

Disability compensation, moreover, shall take account of the age of the injured party so that compensation decreases by 2% for each year past the age of 50. After the age of 70, the compensation shall decrease by 5% of the base amount for each year. However, the age-linking of disability pension shall never lead to greater curtailment than 90%.

8.6.6. Compensation for temporary disability

In the event that an accident causes temporary disability, the insurance shall pay a per diem sum in proportion to the loss of working capacity, starting four weeks after the accident occurred and lasting until the employee is fit for work or until a disability assessment has been made but shall not be made for more than 37 weeks.

Per diem payments for temporary disability are ISK 37,977 per week. If the employee is able to work to some extent, the per diem payments shall be paid proportionately.

Per diem payments from the insurance are paid to the employer during such time as the employee is paid a wage in accordance with collective agreements or an employment contract and are subsequently paid to the employee.

8.6.7. Employers' insurance

All employers are under obligation to purchase an insurance from an insurance company holding an operating permit in Iceland that meets the above conditions of collective agreements as regards accident insurance.

In respects other than provided for in this section of the agreement, the terms of the insurance company in question and the provisions of the Act on Insurance Contracts No. 30/2004 shall apply.

8.6.8. Effective term of compensation amounts

The above provisions on accident insurance and new compensation amounts apply to accidents that occur after 1 August 2015.

Section 9

Sick-pay fund, holiday-pay fund, vocational training fund, pension funds and vocational rehabilitation fund

9.1. Sick-pay fund

Employers pay 1% of paid-out wages to their employees to the sickness fund of the trade union concerned, unless higher payments have been negotiated in collective agreements.

- See Act No. 19/1979 on Workers' Right to Advance Notice of Termination of Employment and to Wages on Account of Absence through Illness and Accidents as well as Act No. 55/1980 on Working Terms and Pension Rights Insurance

9.2. Holiday-pay fund

Employers pay 0.25% of the same pay reference base as is used to calculate pension premiums to the Commercial Workers' Holiday Home Fund (Orlofsheimilisjóður verslunarmanna). The parties to this agreement agree that the pension funds concerned shall be responsible for 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 (Félagsheimilasjóður 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 Act No. 55/1980 on Working Terms and Pension Rights Insurance

9.3. Vocational training fund

Employers shall pay 0.30% of the wages of union members to a vocational training fund.¹

If, on the other hand, the company formally attends 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 matching contribution equivalent to one-fourth of the amount paid by the employers towards the project.

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

9.4. Pension funds

9.4.1. Operation of pension funds

An agreement has been reached on the operation of pension funds, functioning under the applicable laws and regulations, or those that the parties may subsequently approve, and that shop and office workers covered by such agreement shall be entitled to become members.

- See Act No. 129/1997 on Obligatory Pension Rights Insurance and Pension Fund Operation

9.4.2. Investment of assets

The parties agree 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 major economic sectors on the most advantageous terms.

9.4.3. Premiums

¹ The employers' contribution to the vocational training fund increased from 0.2 to 0.3% on 1 January 2015.

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

The employers' contribution to collective pension funds is 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 from the employers' organisations and VR.

9.4.5. Additional contributions to pension savings

In cases where the employee makes an additional contribution to a personal pension fund, the employer shall pay a matching contribution as follows:

The employer's matching contribution shall be 2% against a contribution of 2–4% paid by the employee.

9.5. Vocational rehabilitation fund

Employers shall pay 0.13% to the Rehabilitation Fund (Starfsendurhæfingarsjóður), cf. the statement of ASÍ and SA attached to this agreement.

Section 10

The right to employment and to membership of VR/LÍV

10.1. Right to employment

Employers undertake to allow commercial workers who are members of VR or the appropriate constituent union of LÍV to enjoy priority access to employment in all general commercial work according to this agreement when demanded and when members apply for positions and are competent to do the work involved.

10.2. Right to membership of VR/LÍV

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 membership and this does not violate the union's Articles of Association.

Section 11

Union dues

11.1. Collection

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 Act No. 55/1980 on Working Terms, etc.

11.2. Means of collection

The parties agree that the trade unions shall be provided with the 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

Employers shall provide the unions with reports on staffing at six-month intervals, if requested.

Section 12

Notice of termination

12.1. Notice period for 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 the end of the trial period
- After 6 months' employment, the notice period shall be 3 months

All employment terminations shall be in writing. After the trial period, a notice of termination, moreover, shall be at the change of month.

If 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
- 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. Implementation of termination

12.2.1. In general on termination of employment

The right to terminate employment is mutual. Any termination of employment shall be in writing and in the same language as the employment contract of the employee.

12.2.2. Interview on the reason for termination

Employees are entitled to an interview on their termination of employment and to the reason for such termination. Requests for an interview must be submitted within 4 days from the date that the termination notification is received, and the interview must take place within 4 days from such request.

Employees may request, on the conclusion of such interview, or within 4 days, that the reasons for the termination be provided in writing. In the event that the employer acquiesces to such request, the request shall be fulfilled within 4 days thereafter.

If the employer does not accede to the request of the employee as regards written reasoning, the employee is entitled, within 4 days, to another meeting with the employer as regards the reason for the termination of employment in the presence of his trade union representative or other representative of his trade union if the employee so requests.

12.2.3. Limitations to termination authorisations according to law

On termination of employment, account must be taken of the provisions of law that limit employers' general rights to terminate employment. These include, among others, provisions relating to shop stewards and safety stewards, pregnant women and parents on parental leave, employees who have given notice of maternity/paternity and parental leave and employees with family responsibilities.

Moreover, the provisions of Article 4 of Act No. 80/1938 on Trade Unions and Labour Disputes, legislation on the equal status and equal rights of men and women, legislation on part-time workers, legislation on the legal status of workers on transfer of ownership of companies and consultation obligations in laws on collective redundancies must be upheld.

When an employee enjoys protection against termination according to law, the employer is under obligation to justify in writing the reasons for the termination of employment.

12.2.4. Sanctions

Violations of the provisions of this section may be subject to compensation according to general rules of tort.

12.3. Collective redundancies

The parties agree that it is desirable that notice of redundancy should be directed exclusively to employees who are to be made redundant and not at all the employees or groups of employees. Accordingly, the parties have entered into 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 and where no redundancy is planned or to the termination of employment of ships' crews.

12.3.2. Consultation

An employer intending 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 with 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 to be laid 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 made 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 section, an announcement of 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. Selecting shop stewards

Workers may elect one shop steward at all workplaces where 5 to 50 people are employed; where more than 50 people are employed, they may elect two. Following the election, the union involved 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 data

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 employees' 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 is entitled to attend one or more courses that are organised by the trade unions with the intention to make the shop stewards better equipped to handle their job, for 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. 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 wage 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 will 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 less than 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 because of work abroad

Foreign employees in Iceland as well as those Icelanders who have worked abroad shall transfer any accrued period of employment with respect to entitlements that are based on collective agreements and linked with period of employment in a particular industry, provided that the work abroad is considered comparable.

Employees must, when recruited, provide evidence for their period of employment with a certificate from their former employer or by equally verifiable means. If an employee is not able to submit a certificate that meets the requirements according to paragraphs 3 and 4, he may submit a new certificate within three months from the engagement. In that event, the accrued rights will become effective from the end of the current month. The employer shall confirm the reception of the certificate.

The certificate of the former employee shall i.a. indicate the following:

- Name and ID No. of the employee involved.
- The name and identity of the company issuing the confirmation, including the telephone number, e-mail address and the name of the party responsible for issuing the confirmation.
- A description of the work of the person involved.
- When the person involved began working for the company in question, when he quit working and whether there was any break, and if so, when the break occurred in the employment of the person involved.

The certificate shall be in English or translated into Icelandic by a certified 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 from each party. The committee shall seek to resolve disputes between the parties.

Section 16

Effective term and conditions for the agreement

16.1. Validity period

This collective wage agreement will remain in effect to 31 December 2018, when it will expire without notice of termination.

16.2. Conditions for this agreement

This collective wage agreement is based on three main prerequisites: that the purchasing power of wages increases during the effective term of the agreement, that the agreement's wage policy serves as the basis for the for the wage policies of other collective wage negotiations and that the government fully implements the declarations it issued in connection with the negotiations.

A special committee consisting of two SA representatives and two representatives appointed by the negotiating committees of the unions who sign the collective wage agreement with SA on 29 May 2015 shall immediately begin working and assess whether the following conditions have been met.

1. In February 2016, the committee is to jointly discuss whether the government decisions and the legislative amendments that were promised and which can be found in the declaration issued by the government on 29 May 2015 have been achieved. The committee is to announce before the end of February 2016 whether this condition has been met.
2. In February 2016, the committee is to assess whether wage policies and cost increases laid down in this agreement set a general policy model for other agreements concluded on the employment market. The committee is to announce before the end of February 2016 whether this condition has been met.
3. In February 2017, the committee is to assess whether wage policies and cost increases laid down in this agreement set a general policy model for other agreements concluded on the employment market. The committee is to announce before the end of February 2017 whether this condition has been met.
4. In February 2016, 2017 and 2018, the committee is to discuss whether the aim of the parties to the agreement as regards the increased purchasing power of wages has been achieved.

In the event that any of the above conditions has failed to be met, a joint meeting is to be called of the above mentioned negotiating committees and the executive board of SA to endeavour to reach an agreement on responses to promote the advancement of the agreement's aims, strengthen its criteria and work toward ensuring that it maintains its validity.

If no consensus is reached as regards how to respond, the entity (i.e. SA or joint discussion committee of the unions) that does not wish the agreement to remain in effect must declare such decision and provide arguments thereto. The agreement will then expire as of the end of April 2016 based on a notification before 16:00 on 28 February 2016 due to the review in 2016, the end of April 2017 based on a notification before 16:00 on 28 February 2017 due to the review in 2017 and the end of April 2018 based on a notification before 16:00 on 28 February 2018 due to the review in 2018.

Protocols, declarations, agreements and appendices

Protocol 2015 on flexible retirement

The following policy on flexible retirement is policy formulating for the coming agreement period.

The parties agree on the importance of providing employees with the option of enjoying some flexibility when leaving work due to age. The needs and circumstances of people in the labour market vary, as with greater longevity and improved health, it is common for people to have the energy and the will to continue to work after having reached retirement age. Flexibility at retirement could involve reduced worktime ratio over the final years of the working life together with the option to continue to work past retirement age for those who are fully able and willing to continue to be active in the labour market. It is important to take the circumstances of each individual into account.

Flexible retirement has been under discussion in a committee which has the role of reviewing legislation on social security. Members of the employment sector also have representatives in the committee. The committee is in agreement that legislation should encourage increased individual-orientated flexibility and has proposed raising the retirement age to 70 years in stages and to allow the deferment of pension payments to the age of 80 instead of 72 as it is at present in exchange for an increase in the amount of pension payments.

Over past decades, life expectancy has increased and average life spans have increased throughout the world. Ever more people live longer and are healthier in old age. These developments require reassessments of retirement ages.

Most of our neighbouring countries have raised pension ages for these reasons.

The value of employment for the mental and physical wellbeing of people is unquestionable, and understanding of this fact is growing. The work contribution of older employees is important and is growing with the decrease in the natural increase of workers in the labour market due to changed age distributions.

Protocol 2015 on discussions about working hours arrangements

The parties to this agreement aim to change definitions of working hours and thereby approach the working-hour arrangements common in the Nordic countries. The principal aim of the changes is to promote a family-friendly labour market with shorter total working hours, which could also involve streamlining and the simplification of payroll systems throughout the labour market.

Discussions on changes to the working time provisions of the collective wage agreements will address the adoption of "active work hours" and a review of peak periods and supplementary payments for work outside daytime work periods.

Supplementary payments for work outside the defined daytime work period are higher here in Iceland than is generally the norm in the Nordic countries. This has the effect of making daytime wages a lower proportion of the total wages.

The main aim of the changes is to increase the proportion of daytime pay in the total wages and encourage discussion in workplaces as regards better organisation of working hours and increasing productivity. This will bring the Icelandic labour market closer to the arrangements common in the other Nordic countries. Better organisation can also promote shorter working hours and thereby support a more family-friendly labour market. Changes in this respect would improve Iceland's position internationally, as regards both the working hours and basic wages, and could therefore strengthen Iceland's position in the competition for staff.

In exchange for working-hour changes, the pay scales of the collective wage agreement would increase. In addition, the minimum wages of some professions could change if it proves necessary to respond to the effects of altered supplementary payments. The minimum income supplement, however, will not increase.

The parties to the agreement will appoint members to a working group before the end of June 2015 to work on preparations for changing the working-hours provisions of the collective agreement. A special schedule for negotiations is to be prepared for the arrangement of discussions, as provided for in Article 23 of the Act on Trade Unions and Labour Disputes. The aim is to reach an agreement by October 2016 which will then be put to the vote in November 2016. Concurrent working hours changes and wage changes would then enter into effect on 1 May 2017. The parties will, from the very beginning of the work, seek the assistance of the State Conciliation and Mediation Office for project management.

The voting process will be negotiated separately, although it is assumed that a simple majority will suffice for the agreement to enter into effect.

Protocol 2015 evaluating education for wage calculations

The parties will aim at ensuring that education / real competence is assessed for wage calculations in two steps on the basis of job skills analysis. A schedule will be prepared on the analysis of jobs with the involvement of both parties in consultation with Fræðslumiðstöð atvinnulífsins (the Education and Training Service Centre) where the skills aspects of jobs are set up in curricula.

A committee from the parties, three members from ASÍ and three from SA, will begin work no later than autumn 2015. Work will progress on the basis of the proposals that the parties have formulated in the lead-up to the collective wage agreements. The aim is to ensure that courses and real competence assessments will be implemented on the basis of this work by autumn 2016. Information on the manner in which payment is to be effected for assessed professional competence must be available by 1 October 2016.

Protocol 2015 on consecutive employment and accrued rights

“Consecutive employment” in the context of collective wage agreements means that an employee has been in a continuous employment relationship irrespective of whether he has temporarily been off the payroll list. A payless period, however, is not considered a part of an engagement period in the accrual of rights, unless laws and collective wage agreements decide otherwise, as is the case for instance with statutory childbirth leave.

Protocol 2015 on tooth damages in occupational accidents

The parties will jointly request insurance companies to change employee accident insurance terms to the effect that they will compensate for the necessary costs resulting from broken teeth caused by accident while working and which is in excess of payment participations according to the Act on Social Security. Reservations are in other respects to be in accordance with the Act on Social Security and the terms and conditions of the insurance companies.

Protocol 2015 on the examination of the implementation of employment terminations

During the effective term of the agreement, the parties will reach an agreement on questions that are to be put before the members of the unions and SA member companies in surveys carried out by the parties, where an effort will be made to examine the general implementation and knowledge of the provisions of collective wage agreements on employment terminations (form, deadlines, interviews).

Protocol 2015 on the revision of the Holiday Allowance Act

During the effective term of the agreement, the parties will request the authorities to revise the Holiday Allowance Act, with a view of providing clearer instruction on the rights and duties of the parties.

Protocol 2015 on the safety of shop assistants

During the last agreement period, the parties have together worked on proposals whose aim is to increase the safety of shop assistants who work alone and at night.

A special checklist relating to employee safety in shops is to be issued in collaboration with the Administration of Occupational Safety and Health and attention drawn to the duty of companies to prepare a risk assessment. An examination will also be made of whether there is reason to utilise regulatory authorisations to better ensure safety and improve the working environment of shop assistants.

The parties call on shops to prepare written procedures for employees who work alone on the manner in which they are to take breaks and how they should respond if anything unexpected happens.

The parties will continue to work on the preparation of educational material on safety in shops and will prepare a conference on these matters in autumn 2015.

Reference is made to the report of committee of the parties from May 2015 as regards the proposals and further arrangements.

Protocol 2015 on a consultative committee

The parties will establish a consultative committee, consisting of one representative from each party, to address any disputes that may arise during the effective term of the agreement and which relate to the interpretation of the collective wage agreement between the parties.

Protocol 2014 relating to holiday and December supplements that are paid out simultaneously with monthly wages

As a result of the conciliatory proposal of the State Conciliation and Mediation Office, the holiday and December supplements will increase by ISK 30,000 in excess of the 2.8% increase assumed in the collective wage agreement from 21 December 2013. For shop assistants, the holiday supplement will increase by ISK 17,300 and the December supplement will increase by ISK 12,700. As an agreement has been reached that the holiday and December supplements are included in the monthly wages, the parties agree that a special increase in supplements is not automatically included in the monthly wage. The supplements may be paid separately in June and December according to the rules that the collective agreements contain or they may be paid as an ISK 2,500 total increase of the monthly wage.

Protocol 2013 on the shared wage policy of the parties

The collective wage agreements signed today involve certain results on general wage increases, raised pay scales and other changes that together form the total cost with respect to the employment sector within the parties' negotiating sphere. The general wage increase is 2.8% during the effective term of the agreement, with, however, a minimum of ISK 8,000 per month for daytime work based on a full-time position. In addition, pay scales that are less than ISK 230,000 per month will be raised especially.

An ISK amount increase and the special increase of the lowest pay scales is a targeted low-wage action that increases payroll costs disproportionately across sectors.

The above results of the collective agreements mean that a shared and synchronised wage policy has been formulated with respect to the agreements that has yet to be reached in the sphere of influence of the parties. The parties undertake to implement the above wage policy in 2014.

This means that wage systems that consist of a base wage and extra payments and/or supplements (not, however, shift supplements), whether in the form of a percentage or a fixed amount within daytime work limits, must be adapted so that the amounts of extra payments and supplements is increased by 2.8%.

Protocol 2013 on vocational training

The parties agree to embark on a joint review of the present arrangements of educational and vocational training issues with the goal of:

- a. Increasing the significance of education that is assessed toward credits or recognised competency on the labour market
- b. Encouraging increased collaboration between funds for the benefit of undertakings and individuals and to establish a shared web portal for them
- c. Embarking on efforts to advertise the funds and the benefits that can be sourced from them
- d. Discussing the manner in which a proportion of the increase agreed in this agreement can be disposed of toward achieving the goals stated in items b and c

The review is to be completed before 1 May 2014.

Protocol 2013 on written confirmation of engagement

The parties agree that there has been some failure in the preparation of written contracts of employment or written confirmation of engagement in accordance with the provisions of collective wage agreements on contracts of employment and letters of engagement. The parties will, during the effective term of the agreement, spend some effort on presenting the duties of employers and the rights of wage earners according to these provisions. The parties will, before the end of 2015, perform an examination of the implementation of the provision and its function and then revise the provision in light of the results. The new provision on penalties is intended as a response to the criticisms of the EFTA Surveillance Authority (ESA). In the event that ESA is of the opinion that the provision is not satisfactory, the parties will immediately hold discussions to respond.

Protocol 2013 on the second paragraph of the final provisions

During the effective term of this agreement, the parties will discuss the provisions of the second paragraph of the final provision of this agreement.

Protocol 2013 on the final provision

The provisions of this agreement will be a part of the collective wage agreement signed on 21 December 2013 between SA and the unions for which the negotiating committee of member associations of ASÍ has power of attorney. In the event of any dispute between the parties as regards the text of individual provisions, the text of this document shall prevail.

All the provisions of this agreement have the validity of minimum collective wage terms according to the provisions of Article 1 of Act No. 55/1980.

Protocol 2013 on increased business freedom and purchasing power

1. In 2014, the parties (directly or indirectly) will be involved in the joint work of the authorities and entities on the labour market on revising VAT, excise duties and import taxes.
2. The parties agree that there are pressing needs for increased freedom and competition in transactions with agricultural goods.
3. There is no question that the protective tariffs on eggs, pork and poultry are among the highest in the world. The import tax protection has led to high prices and lack of competition in the production of these goods and thereby to poorer living standards.
4. The parties will use their influence in 2014 to ensure that significant steps will be taken to reduce import tax protection on these goods, with the goal of increasing the purchasing power of households, and thereby promote the aim of the collective wage agreement signed today as regards stable price-levels.

Protocol 2011 on general wage increases

The negotiated general wage increase in the collective wage terms of the member associations of ASÍ and SA refers to the minimum increase in the regular wages enjoyed by an employee on the date when the increase according to the collective wage agreement is to be implemented, irrespective of the wages of the employee in question at that time.

Overpayments may not be decreased or discontinued by failing to pay out general wage increases. Overpayments can only be reduced or discontinued by following the provisions of the employment contract. This provision, however, does not prevent companies from being able, by means of wage decisions, to accelerate increases through special decisions, in which case account can be taken of unrealised general increases in the next 12 months in a foreseeable and predetermined manner. The employee is verifiably pre-informed that the increase is an accelerated increase according to the collective wage agreement.

Protocol 2011 on the shared wage policy of ASÍ and SA

The collective wage agreements signed today involve certain results as regards general wage increases, raised pay scales and other changes that together form the total cost with respect to the employment sector within the parties' negotiating sphere. General wage increases will be a total of 11.41% during the effective term of the agreement. A special increase of the pay scale is a targeted low-wage action that increases payroll costs varyingly depending on how many are paid wages according to the pay scales. The above results of the collective agreement means that a shared and synchronised wage policy has been formulated with respect to the numerous agreements that has yet to be reached in the sphere of influence of the parties. The parties undertake to subsequently implement the above wage policy.

This means that wage systems that consist of pay scales and proportionate supplements (not, however, shift supplements), whether in the form of percentages or in another manner within daytime work limits, need to be adapted so that wage changes are in accordance with this policy.

Protocol 2011 on rates for night work

In formulating a new collective agreement when this agreement expires, the objective of the parties to the agreement will be that the overtime supplement for work carried out between the hours of 0:00 and 7:00 will be increased from 45% to 50% for up to 171.15 working hours per month for shop assistants (0.8824% of monthly pay for daytime work) and up to 162.5 hours work per month for office workers (0.9375% of monthly pay for daytime work), see Sections 9 and 10 in this agreement.

Protocol 2011 regarding the rights of employees who work alone in retail outlets

The parties to the agreement agree that the rights that employees enjoy in law and in collective agreements will be respected. Employees in retail outlets who carry out a proportion of their work alone and without relief have limited opportunities to take uninterrupted refreshment breaks. These employees take refreshment breaks when their work allows them to. If it is foreseeable that there will be considerable disruption of refreshment breaks, then this matter shall be addressed in the employment contract agreed between the parties.

Protocol 2011 on work clothing

Stores selling clothing that expect employees to wear clothing from the store while they are working must provide the clothing, which will be the property of the employer. Use of the clothing will be permitted at work only, and the employer may lay down a condition that the clothing is kept at the place of work.

Protocol 2011 on the definition of shifts

The parties agree to map and plan to revise the working hours section of the collective wage agreements of the member associations of ASÍ and SA which relate to shifts, working outside the daytime work period and variable daytime work periods, with co-ordination and increased transparency as the guiding light.

Protocol 2011 on sickness and rehabilitation issues

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

The goal is to promote foreseeable responses to illnesses and that the employees who fall ill are offered the appropriate remedies as soon as possible. This includes increased flexibility in the labour market to ensure that individuals who fall ill or who have been injured and are undergoing active vocational rehabilitation have the opportunity to come back in accordance with their ability to work as current.

It is clear that this goal can only be achieved if there is mutual trust between the employer and the employee as to the arrangement of sickness reporting, employee return from illness, preventative health care services in companies, etc.

The parties are involved in a steering group managed by VIRK which is working toward the goals mentioned above.

A development project on preventative measures and vocational rehabilitation under the auspices of VIRK will soon be underway and will be monitored closely. The parties will take advantage of the experience and knowledge created there in their work.

The parties will provide support to the employees of this development project and advise them about any matters of uncertainty that may arise in the project as regards the rights and duties that are bound by statute and collective wage agreements in the labour market.

Protocol 2011 on notifications of occupational accidents

ASÍ and SA will jointly request amendments to Act No. 30/2004 on Insurance Contracts, to the effect that an employer's notification of an insurance event is equivalent to the duties of the insured in this respect according to Article 51 of the Act, in the event that he has not notified of the event.

Protocol 2011 on closings due to force majeure circumstances

During the first year from the entry into effect of the principal collective wage agreement between the member associations of ASÍ and SA, a special working group, consisting of representatives from ASÍ and SA, is to collect information and data from the Nordic countries on the arrangement of wage payments and/or compensation to employees in the wake of force majeure events.

Protocol 2011 on equality issues

The equal opportunities of men and women to work, career development and wages are a matter of great interest to wage-earners and undertakings. The parties, therefore, will work together on the following issues during the term of the agreement.

- Complete the preparation of a standard on the implementation of the equal opportunities of the genders to work and professional development. The work on the standards is carried out in co-operation with Standards Iceland (Staðlaráð Íslands) and the Ministry of Welfare. The aim is to publish the standard before the expiry of the agreement.
- Collaborate with Statistics Iceland will be continued in the study of the wage formations of men and women based on the organisation's database with the view of carrying out one study during the term of the agreement.
- Jointly prepare promotional and educational material for wage earners and undertakings on equal rights in the labour market during the term of the agreement.
- Encourage company managers to attend to formulating family policies within companies with the aim of increasing flexibility in the organisation of work and working hours so that account is taken of both the family circumstances of employees and the needs of the economy.

Protocol 2011 on the recording and treatment of personal information

The treatment and processing of personal information is governed by the Act on the Protection of Privacy as Regards the Processing of Personal Data as in effect, currently Act No. 77/2000, and rules established under the Act such as on electronic surveillance. The parties agree to work together on the preparation of promotional and educational material about employee personal data protection during the term of the agreement.

Protocol 2011 on information and consultation

The parties agree to embark on a joint campaign to present and implement the Act on Information and Consultation in Undertakings No. 151/2000 and to prepare educational and promotional material on the rights and obligations of undertakings and employees according to the Act. The parties agree to call on employers to meet with shop stewards at least twice a year to discuss the position and employment issues of the undertaking.

Protocol 2011 on temporary work agencies

The parties agree that on the adoption of the temporary work agencies directive, note should be made of the fact that in the Icelandic labour market, the principal rule is that employees are engaged without time limits directly to the employer given that there is generally quite a bit of flexibility in recruitment that is intended to make it easier for companies to respond to fluctuations in their operation.

In addition, that according to legislation on the employment terms of wage earners and Act No. 55/1980 on the Mandatory Insurance of Pension Rights, collective wage agreements determine minimum terms. Furthermore, the directive's principle rule on equal treatment is to be adopted, and the recruitment terms of employees of temporary work agencies at that time are to be at least the same as those that would have applied if the employee in question had been directly engaged by the undertaking in question to carry out the same work. Reference must be made to the actual wage terms at the service user company irrespective of how they are determined and how they are paid.

Protocol 2008 on workplace ID cards

The Icelandic Confederation of Labour (ASÍ) and the Confederation of Icelandic Employers (SA) have decided to continue to work on the adoption and use of workplace ID cards where appropriate. To this end, ASÍ and SA intend to begin by focusing on the construction sector.

Companies may adopt workplace ID cards on their own terms, where their name and logo is displayed. Workplace ID cards must fulfil the following requirements: they must contain the name, image and ID No. of the employee in question or an automatic option of linking an employee number to the appropriate ID. No. if this is not registered on the ID card.

Accredited entities entering workplaces for monitoring purposes must have open and automatic access to official databases. The most important databases are at Statistics Iceland to verify ID Nos.; at the Ministry of Education, Science and Culture and County Magistrates to verify approved professional qualifications or if an application for such approval has been submitted; at the Directorate of Internal Revenue to verify the issue of a tax card and to verify if any tax payments have been made (not amounts); at the Directorate of Labour to verify the submission of notifications; and at pension funds to verify the payment of premiums (not amounts).

ASÍ and SA agree to request that Iceland Standards and/or Icepro prepare a general standard on workplace ID cards containing information such as the job title of the employee in question. ASÍ and SA will actively participate in the preparation of the standard.

ASÍ and SA agree that workplace ID cards are to be fully adopted in workplaces in the construction industry by 1 July 2009. Moreover, a system is to be developed to enable accredited monitoring bodies to access the necessary databanks. The assistance of relevant public bodies will be sought to realise this plan.

Protocol 2008 on the review of the special company provisions in collective agreements

The parties agree to review, during the effective term of the agreement, the section of the collective agreement entitled *Special company provisions in collective agreements*.

Protocol 2008 on the arrangement of employment terminations on the labour market

With the agreement between ASÍ and SA dated 17 February 2008, the parties have reached a consensus on the arrangements of terminations of employment on the labour market. According to the agreement, employees are entitled to an interview with their employer about the reason for their termination of employment if employees so request. It is reiterated that the employers' freedom to terminate employment is subject to certain restrictions according to law. The parties, furthermore, agree to encourage the best implementation of terminations of employment on the labour market and will, to this end, work together to prepare informative material that shall be ready by year-end 2008.

Protocol 2008 on the terms and conditions of insurance companies – Appendix to the agreement on workers' accident insurance

The parties to the agreement will examine, with the participation of insurance companies, whether the terms and conditions that apply to their insurance policies are fully compatible with this agreement.

Protocol 2008 on the review of the collective wage agreement's section on shop stewards

The parties to the agreement agree to review the provisions on shop steward training in the collective wage agreement during the effective term of the agreement in light of increased and altered tasks allotted to shop stewards.

Protocol 2008 on occupational diseases

The parties will jointly endeavour to ensure the establishment of a regulation on the registration of occupational diseases that give rise to benefits in accordance with Article 27 of Act No. 100/2007 on Social Security. The parties believe that it is important to step up research and preventive measures in the field of occupational diseases under the auspices of the Administration of Occupational Safety and Health in Iceland.

Protocol 2008 on medical certificates

The parties will submit a request to the Minister of Health that he take steps to change rules on medical certificates. A special medical certificate should be required in the event of long-term absences. If an employee becomes unable to work due to disease or accident for four consecutive weeks, the medical certificate shall state whether vocational rehabilitation is necessary to achieve or speed up recovery.

Protocol 2008 on notifications to the company's medical officer / service company in the sphere of health and safety in the workplace

The parties are of the opinion that the development of preventive health care services and worker safety measures are of the greatest importance for the labour market. The positive development of services in this field is important so as to benefit employees and companies. The parties will appoint a discussion committee which is to reach an agreement on more detailed arrangements relating to the notification of illness to company physicians / service company in the sphere of health and safety at work. The discussion committee shall at least discuss the following issues:

- The conditions to be met by company physicians / service companies.
- The procedure regarding employee notifications to service companies in the sphere of health and safety at work as regards absences due to illness and accidents in the event the employer wishes to adopt such arrangement, provided that such notification generally replaces the submission of medical certificates.

- Non-disclosure obligations and procedures in the handling of personally identifiable information that the company physician / service company obtains by means of their activities. This applies to the collection, treatment, storage and deletion of such information.
- The manner in which the activities of company physicians / service companies may be of benefit to work in the interests of occupational safety and health in companies. In its work, the discussion committee will collaborate with the Data Protection Authority (Persónuvernd), the Medical Director of Health, the Administration of Occupational Safety and Health in Iceland and other interested parties.

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

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

In the event that the parties reach a common conclusion, their agreement shall be considered a part of the collective agreement for their member associations and shall enter into effect on 1 January 2009.

During the course of the above work, the parties make no observations on the activities of the service companies in the sphere of occupational safety and health that have received certification from the Administration of Occupational Safety and Health in Iceland as service providers or of the obligation of employees to send notification to such service companies.

Protocol 2008 on European works councils

The parties agree to work together to support undertakings and employees in the establishment and operation of European works councils, cf. Act No. 61/1999 on European Works Councils in Undertakings. To this end, the parties will complete the preparation of the action plan in May 2008.

Moreover, the parties plan to collaborate on the provision of information and educational material on the rights and obligations of undertakings and employees 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 Section 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. The parties agree, however, that any 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 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 Section 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 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 wage 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, the reason for the wage difference and methods of reducing it.

Declaration 2015 on pension issues

SA and ASÍ agree to continue to work on pension rights equality on the entire labour market, on the basis of the work that has been carried out in joint committee. This work has been delayed due to, among other things, the failure to reach an agreement between the state and public servants as regards the prior problems of the public pension plan system, and therefore, there are no grounds for completing discussions between parties on the basis of their declaration from 5 May 2011.

The parties agree that the substance of the declaration is to maintain its effectiveness and that work will continue on its advancement during the term of the agreement.

Declaration 2011 on pension issues

The parties agree to continue work on the synchronisation of pension rights in the labour market. This declaration is intended to facilitate consensus on the main aspects of pension issues. The main aim is that all pension funds in the labour market operate sustainably and that pension rights develop in accordance with needs for acceptable pensions. The parties to the agreement will be working on the assumption that premiums to pension funds on the general labour market will need to be increased from 12% to 15.5% over the course of 2014 to 2020.

The discussion of the parties will revolve around the manner in which the increase in premiums will be implemented, including the division into stages and the division of the premium between employers and employees on the basis of co-ordination for the labour market as a whole. Account will be taken of different wage system such as on fishing vessels.

The parties aim to complete this work by the end of 2012, and it will be included in negotiations in the review of the collective wage agreements at the beginning of 2013. This declaration grants authorisation to the Executive Board of SA and the Negotiations Committee of the member associations of ASÍ to complete the arrangements for the increase in premiums which could come into effect in 2014.

Statement from ASÍ and SA 2011 on the implementation of tendering issues

It is vitally important for the Icelandic economy that the business sector and the labour market operate in accordance with clear and transparent laws and regulations and ensure normal and healthy competition in the market. The tendering of works projects is an important aspect of commercial operations. As a result, it is extremely important that tender specifications for works projects, assessments of tenderer competence, choice of tenders and provisions on the settlement of payments to all those involved in tendered projects are better prepared and set forth in a clearer manner than has hitherto been the case.

In its statement in connection with the negotiations of the parties in the labour market, as regards the implementation of tendering issues, the government states:

“An examination will be made of what changes need to be made to legislation pertaining to public procurement and, as appropriate, other legislation, in order to strengthen the position and rights of wage earners working for companies in the contracting market and to ensure at the same time the equal competitive position of companies. The aim is that a working group on behalf of the authorities, with the membership of municipal representatives, ASÍ and SA, submit proposals on the above issues no later than in June 2011 and that it will be possible to submit to the Alþingi proposals for preferred legislative amendments at the beginning of the autumn session. The authorities will at the same time, where appropriate, adopt the conclusions of the working group into the state’s owners’ policy.”

SA and ASÍ agree that the further defined tasks of the working group include:

1. Taking a position on and submitting proposals for legislation on the joint and several liability of contractors/buyers for the wages of employees and the public levies imposed on contractors and sub-contractors. Particular note should be taken of the legislation pertaining to the matter in neighbouring countries.
2. Taking a stance on the manner in which it would be possible to further secure the rights of wage earners through amendments to the laws that apply to public procurement and tenderer competence.
3. Taking a position on the manner in which it would be possible to adopt into the tender invitation terms the requirements that the buyer makes to the bidder as regards working arrangements that are based on conditions bound by the collective wage agreement (such as methods-time measurements, piecework), to ensure equality among tenderers and to show the scope and nature of the project.
4. Taking a position on the manner in which it would be possible to adopt Article 15.1 in ÍST 30 into the general legislation on the implementation of invitations to tender.

In addition, SA and ASÍ have agreed on a co-ordinated buyer assessment process as regards tenderer competency in invitations to tender (Attachment 1). Importance is placed on ensuring that the assessment applies to both the public and the general market and applies equally to principal contractors and sub-contractors. In addition, the focus is on ensuring that the assessment receive a recognised standing in laws or regulations. When assessing tenderers, the main rule is that the employees should be in a fixed employment relationship.

SA and ASÍ, moreover, have agreed on further defined rules on the manner in which tender documents are to be prepared on the basis of Articles 42–45 of Act No. 84/2007 on Public Procurement, the choice of tender on the basis of Articles 73 and 77 of Act No. 84/2007 and settlement of payments on the basis of the standard ÍST 30:2003, item 31.5 (Attachment 2).

Declaration 2008 on the Rehabilitation Fund

ASÍ and SA have in recent years discussed the reorganisation of rehabilitation. An agreement has been reached to begin this development in 2008 by organising services and by providing a solution for employees suffering from long-term illness and those who suffer an accident which results in the reduction of their work capacity. The aim of the parties is to get involved as early as possible in order to enhance the possibility of each individual becoming active in the labour market to the extent which his work capacity permits.

A special fund, the Rehabilitation Fund, will be founded for the purpose of co-ordinating and supervising the work of service representatives who will be operating mainly on behalf of the trade unions’ sickness funds and to pay the cost and expenses of these representatives as well as for specialist advice. The Rehabilitation Fund will furthermore possess funds for the payment of costs and expenses for remedies and rehabilitation in addition to that provided through the general health care system.

The assumption is made that on the whole, 0.39% of wages will be deposited into the Rehabilitation Fund. With respect to the first phase, ASÍ and SA agree to impose, in each separate collective wage agreement, a special 0.13% wage-connected charge, the rehabilitation fee, on the employers, which will be calculated from the same fee base as the pension fund contribution of 1 June 2008. During the second phase, starting at the beginning of 2009, the presumption will be that the Treasury will contribute the same amount to the Rehabilitation Fund as the employers will pay according to a special agreement. In the third phase, starting in the beginning of 2010, the ASÍ and SA will use their influence to ensure that pension funds in their area of agreement will pay the same proportion to the Rehabilitation Fund as the employers pay. ASÍ and SA will, moreover, seek ways to have other pension funds pay to the Rehabilitation Fund as applicable so that the Fund may receive full contributions for those individuals for whom the rehabilitation fee is paid.

ASÍ and SA agree that the Rehabilitation Fund should have a Board consisting of eight members, with 4 members from each party. The role of the Board is to formulate and develop the activities of the Fund and to enter into agreements with service representatives, with advisors and other parties.

The payment obligations of employers, sick-pay funds and the pension funds will continue unchanged, but 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 services.

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 articles of association and rules of procedure established 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 employees' adaptation to retirement

With a view to facilitating their employees' adaptation to retirement, VSÍ and VMS will instruct their members to make efforts to fulfil the wishes of their employees as regards reducing the proportion of employment in the years' immediately preceding retirement.

2008 Agreement between SA and ASÍ regarding 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 in 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 not apply under this agreement if the number of employees, based on the average over the past four months, is less than 40. Substitute 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. Each undertaking (company) covered by this agreement shall have a collaborative committee consisting of two representatives from the employer and two representatives from the employees.
- 3.2. Shop stewards from the undertakings select the representatives from among their ranks. Employees, however, 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 otherwise 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, with the aim that it meet not less frequently than twice a year unless the committee itself agrees otherwise.
- 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 have notified the undertaking of the results of the election.

4. Groups of undertakings

Groups of undertakings with independent subsidiaries may, subject to the agreement of the collaborative committees of the subsidiaries involved, establish joint collaborative committees under the auspices of the parent company, containing representatives from the collaborative committees of the subsidiaries. Matters of common interest to the subsidiaries may be discussed in this committee. Similarly, under special circumstances, 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, i.e. 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 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.

In the event of any dispute as to the interpretation of the agreement, the parties concerned may refer them to the committee, which shall attempt to reach a settlement.

2004 Agreement regarding 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.

2000 Agreement regarding vocational training

The parties agree 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 in the labour market. It is important that available training and educational material reflect the needs of the business sector at any given time.

During the effective term of this agreement, the parties will mount a joint vocational training project.

The project will be directed by a committee. Its principal elements will be as follows:

1. Grants to union members
2. Sponsorship of courses
3. Sponsorship for the preparation of educational material
4. Grants to companies to cover vocational training and the 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 rules of procedure, which shall be approved by the parties, and define further goals for the project.

The trade unions and the Confederation of Icelandic Employers shall each 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.

As a rule, employers shall pay the equivalent of 0.15% of the wages of union members to this project. If, on the other hand, the company formally attends to vocational training issues and spends an amount comparable to or greater than the proportion stated above on them, then it shall pay the equivalent of 0.05% of the wages of union members working for the company. The project committee shall confirm that these conditions are met on the basis of information provided by the company. The project committee shall set further details on the implementation of this provision.

The trade unions shall pay a matching 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 the vocational training funds and by direct earnings generated by holding courses.

All other things being equal, the prerequisite for providing 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 wage agreement is negotiated.

This agreement is effective as of 1 June 2000.

Appendix 2015 Pay adjustment guarantee relating to wage changes on 1 May 2015

Pay adjustment guarantee.
monthly wages (ISK)

From	To	
300,000 and lower		7.2%
300,001	310,000	7.1%
310,001	320,000	7.0%
320,001	330,000	6.9%
330,001	340,000	6.8%
340,001	350,000	6.8%
350,001	360,000	6.7%
360,001	370,000	6.6%
370,001	380,000	6.5%
380,001	390,000	6.4%
390,001	400,000	6.3%
400,001	410,000	6.2%
410,001	420,000	6.1%
420,001	430,000	6.1%
430,001	440,000	6.0%
440,001	450,000	5.9%
450,001	460,000	5.8%
460,001	470,000	5.7%
470,001	480,000	5.6%
480,001	490,000	5.5%
490,001	500,000	5.4%
500,001	510,000	5.4%
510,001	520,000	5.3%
520,001	530,000	5.2%
530,001	540,000	5.1%
540,001	550,000	5.0%
550,001	560,000	4.9%
560,001	570,000	4.8%
570,001	580,000	4.7%
580,001	590,000	4.7%
590,001	600,000	4.6%
600,001	610,000	4.5%
610,001	620,000	4.4%
620,001	630,000	4.3%
630,001	640,000	4.2%
640,001	650,000	4.1%
650,001	660,000	4,0%
660,001	670,000	4.0%
670,001	680,000	3.9%
680,001	690,000	3.8%
690,001	700,000	3.7%
700,001	710,000	3.6%
710,001	720,000	3.5%
720,001	730,000	3.4%
730,001	740,000	3.3%
740,001	750,000	3.3%
750,001 and higher		3.2%

When comparing wages, the benchmark shall be the fixed weekly or monthly wage in addition to fixed allowances or extra pay of any kind whatsoever, including fixed overtime.

Appendix 2011 relating to employee interviews

Paragraph 2 of Section 1.2.2 of the collective wage agreement between LÍV/VR and SA provides that an employee has the right to an annual interview with a manager regarding his or her job and any possible change to working conditions. The parties to the agreement emphasise that this right should be respected. An increasing number of employers offer their employees interviews about their jobs.

The objective of the employee interviews is that both the employer and the employee can express their opinions about the job and related matters. In order that the employee interview be as transparent as possible, it is preferable that the parties discuss matters relating to the employee's job. The parties have drafted instructions about, for instance, what matters should normally be discussed in such interviews.

- The main tasks in the work.
- The job itself and the workload. The employee's knowledge, number of tasks, job management and satisfaction at work.
- Working environment. Working conditions and work facilities.
- Communications. With colleagues, clients and managers. Flow of information. The atmosphere in the workplace and feedback to the employee from his or her immediate supervisor.
- Career development and objectives. Current field of work, training courses and targets for the next 12 months.
- If no decision has been made to discuss pay separately, then such issue must be discussed within the year.
- Other terms.

Attachment 2008 regarding wages in foreign currencies – 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 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 a 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 gross wages paid in / linked to the foreign currency:

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

Proportion of wages to be paid in / linked to a foreign currency:

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

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

Date: _____

For the company

Employee

Appendix – Workdays 2015

2015	24 days holiday	25 days holiday	27 days holiday	30 days holiday
Weekends	104	104	104	104
Public holidays	11	11	11	11
Holiday	24	25	27	30
Working days	226	225	223	220
Total	365	365	365	365

Appendix – Workdays 2016

2016	24 days holiday	25 days holiday	27 days holiday	30 days holiday
Weekends	105	105	105	105
Public holidays	10	10	10	10
Holiday	24	25	27	30
Working days	227	226	224	221
Total	366	366	366	366

Appendix – Workdays 2017

2017	24 days holiday	25 days holiday	27 days holiday	30 days holiday
Weekends	106	106	106	106
Public holidays	10	10	10	10
Holiday	24	25	27	30
Working days	225	224	222	219
Total	365	365	365	365

Appendix – Workdays 2018

2018	24 days holiday	25 days holiday	27 days holiday	30 days holiday
Weekends	104	104	104	104
Public holidays	13	13	13	13
Holiday	24	25	27	30
Working days	224	223	221	218
Total	365	365	365	365

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

Article 1 Scope

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

Article 2 Wages

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

Pharmacist technicians

	1.5.2015	1.5.2016	1.5.2017	1.5.2018
Starting wages	255,372	270,372	284,239	292,766
After 6 months' exp.	258,462	273,462	287,468	296,092
After 3 years' exp.	263,525	278,525	292,759	301,541
After 5 yrs. at comp.	270,679	285,679	300,235	309,242

Starting wages apply to workers in the calendar year when they turn 20.

Article 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 guest reception workers

Article 1 Scope

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

Article 2 Wages

Wages of workers in guest reception facilities

	1.5.2015	1.5.2016	1.5.2017	1.5.2018
Starting wages	248,539	263,539	277,098	285,411
After 6 months' exp.	249,571	264,571	278,177	286,522
After 1 year's exp.	250,603	265,603	279,255	287,633
After 3 years' exp.	254,493	269,493	283,320	291,820
After 5 yrs. at comp.	259,079	274,079	288,113	296,756

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.

Article 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 Sections 2.3.1. and 2.3.2. in the general collective agreement fall during the week.

The daytime working period is 8:00–17:00, 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 7:00.

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 work

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 7:00–17:00, Monday–Friday.

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

Article 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 17:00–8:00, then the working week shall be only 38 hours.

Each shift shall not be 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 FT/PT ratio 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 posted 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 8:00–17:00, Monday–Friday:

33% for the period 17:00–24:00, Monday–Friday.

45% for the period 00:00–8:00 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, Whit Sunday, 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 17:00–8:00) 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 as agreed by the 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), with respect to public holidays and major public holidays (cf. Sections 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 holidays are to be granted during the period from 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 retire.

4.4. Night shifts

Deviations may be made from Section 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.

Article 5 Travel to and from the workplace

The cost of travelling to and from the workplace in the greater Reykjavík area (Reykjavík, 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.

Article 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 months' service. Uniforms are the property of the employer.

Article 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 7,700 as of 1 August 2015, based on a consumer price index of 429.1.

Pay scales

Applicable from 1 May 2015 – 30 April 2016

Sp.hol.supp.pay = Special holiday supplement pay

Shop assistants

	Monthly wage	Day work	40% After-hours work	50% Night work	Overtime work	Sp.hol.supp. pay
14-year-olds	145,452.00	855.6	1,197.84	1,283.40	1,510.52	1,999.97
15-year-olds	166,566.00	979.8	1,371.72	1,469.70	1,729.79	2,290.28
16-year-olds	197,064.00	1,159.20	1,622.88	1,738.80	2,046.51	2,709.63
17-year-olds	208,794.00	1,228.20	1,719.48	1,842.30	2,168.33	2,870.92
18- and 19-year-olds	222,870.00	1,311.00	1,835.40	1,966.50	2,314.50	3,064.46
Start. wages, aged 20	234,600.00	1,380.00	1,932.00	2,070.00	2,436.32	3,225.75
After 6 m at comp.	241,884.00	1,422.85	1,991.99	2,134.27	2,511.97	3,325.91
After 1 yr. at comp.	243,261.00	1,430.95	2,003.33	2,146.42	2,526.27	3,344.84
After 2 yrs. at comp.	250,894.00	1,475.85	2,066.19	2,213.77	2,605.53	3,449.79
After 5 yrs. at comp.	255,039.00	1,500.23	2,100.32	2,250.34	2,648.58	3,506.79

Specially trained shop workers

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp. pay
Starting wages	239,506.00	1,408.86	1,972.40	2,113.29	2,487.27	3,293.21
After 6 m at comp.	247,271.00	1,454.54	2,036.35	2,181.80	2,567.91	3,399.98
After 1 yr. at comp.	248,709.00	1,462.99	2,048.19	2,194.49	2,582.84	3,419.75
After 2 yrs. at comp.	256,687.00	1,509.92	2,113.89	2,264.89	2,665.69	3,529.45
After 5 yrs. at comp.	260,929.00	1,534.88	2,148.83	2,302.31	2,709.75	3,587.77

Office workers

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp. pay
Starting wages	261,380.00	1,633.63	2,287.08	2,450.44	2,714.43	3,593.98
After 3 years' exp.	266,988.00	1,668.68	2,336.15	2,503.01	2,772.67	3,671.09

Pharmacist technicians

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp. pay
Starting wages	255,372.00	1,502.19	2,103.06	2,253.28	2,652.04	3,511.37
After 6 months' exp.	258,462.00	1,520.36	2,128.51	2,280.55	2,684.13	3,553.85
After 3 years' exp.	263,525.00	1,550.15	2,170.21	2,325.22	2,736.71	3,623.47
After 5 yrs. at comp.	270,679.00	1,592.23	2,229.12	2,388.34	2,811.00	3,721.84

Reception

	Monthly wage	Day work	33% supplement	45% supplement	Overtime work	Sp.hol.supp. pay
Starting wages	248,539.00	1,461.99	1,944.45	2,119.89	2,581.08	3,417.41
After 6 months' exp.	249,571.00	1,468.06	1,952.53	2,128.69	2,591.79	3,431.60
After 1 year's exp.	250,603.00	1,474.14	1,960.60	2,137.50	2,602.51	3,445.79

After 3 years' exp.	254,493.00	1,497.02	1,991.03	2,170.68	2,642.91	3,499.28
After 5 yrs. at comp.	259,079.00	1,523.99	2,026.91	2,209.79	2,690.54	3,562.34

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Office workers are paid after-hours pay outside the daytime work period until 162.5 hours have been worked per month (37.5 per week on average). Overtime wages are paid for work in excess of these hours.

Applicable from 1 May 2016 – 30 April 2017

Shop assistants

	Monthly wage	Day work	40% After-hours work	0.5 Night work	Overtime work	Sp.hol.supp. pay
14-year-olds	154,752.00	910.31	1,274.43	1,365.46	1,607.10	2,127.84
15-year-olds	177,216.00	1,042.45	1,459.43	1,563.67	1,840.39	2,436.72
16-year-olds	209,664.00	1,233.32	1,726.64	1,849.98	2,177.36	2,882.88
17-year-olds	222,144.00	1,306.73	1,829.42	1,960.09	2,306.97	3,054.48
18- and 19-year-olds	237,120.00	1,394.82	1,952.75	2,092.24	2,462.49	3,260.40
Starting wages, aged 20	249,600.00	1,468.24	2,055.53	2,202.35	2,592.10	3,432.00
After 6 m at comp.	256,884.00	1,511.08	2,115.52	2,266.62	2,667.74	3,532.16
After 1 yr. at comp.	258,261.00	1,519.18	2,126.86	2,278.77	2,682.04	3,551.09
After 2 yrs. at comp.	265,894.00	1,564.08	2,189.72	2,346.12	2,761.31	3,656.04
After 5 yrs. at comp.	270,039.00	1,588.46	2,223.85	2,382.70	2,804.36	3,713.04

Specially trained shop workers

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp. pay
Starting wages	254,506.00	1,497.09	2,095.93	2,245.64	2,643.04	3,499.46
After 6 m at comp.	262,271.00	1,542.77	2,159.88	2,314.16	2,723.68	3,606.23
After 1 yr. at comp.	263,709.00	1,551.23	2,171.72	2,326.84	2,738.62	3,626.00
After 2 yrs. at comp.	271,687.00	1,598.16	2,237.42	2,397.24	2,821.47	3,735.70
After 5 yrs. at comp.	275,929.00	1,623.11	2,272.36	2,434.67	2,865.52	3,794.02

Office workers

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp. pay
Starting wages	276,380.00	1,727.38	2,418.33	2,591.06	2,870.21	3,800.23
After 3 years' exp.	281,988.00	1,762.43	2,467.40	2,643.64	2,928.45	3,877.34

Pharmacist technicians

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp. pay
Starting wages	270,372.00	1,590.42	2,226.59	2,385.64	2,807.81	3,717.62
After 6 months' exp.	273,462.00	1,608.60	2,252.04	2,412.90	2,839.90	3,760.10
After 3 years' exp.	278,525.00	1,638.38	2,293.74	2,457.57	2,892.48	3,829.72
After 5 yrs. at comp.	285,679.00	1,680.46	2,352.65	2,520.70	2,966.78	3,928.09

Reception

	Monthly wage	Day work	33% supplement	45% supplement	Overtime work	Sp.hol.supp. pay
Starting wages	263,539.00	1,550.23	2,061.81	2,247.83	2,736.85	3,623.66
After 6 months' exp.	264,571.00	1,556.30	2,069.88	2,256.64	2,747.57	3,637.85
After 1 year's exp.	265,603.00	1,562.37	2,077.95	2,265.44	2,758.29	3,652.04
After 3 years' exp.	269,493.00	1,585.25	2,108.39	2,298.62	2,798.68	3,705.53
After 5 yrs. at comp.	274,079.00	1,612.23	2,144.27	2,337.73	2,846.31	3,768.59

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Applicable from 1 May 2017 – 30 April 2018

Shop assistants

	Monthly wage	Day work	40% After-hours work	50% Night work	Overtime work	Sp.hol.supp. pay
14-year-olds	162,769.84	957.47	1,340.46	1,436.20	1,690.36	2,238.09
15-year-olds	186,397.72	1,096.46	1,535.04	1,644.69	1,935.74	2,562.97
16-year-olds	220,526.88	1,297.22	1,816.10	1,945.83	2,290.17	3,032.24
17-year-olds	233,653.48	1,374.43	1,924.21	2,061.65	2,426.49	3,212.74
18- and 19-year-olds	249,405.40	1,467.09	2,053.93	2,200.64	2,590.08	3,429.32
Starting wages, aged 20	262,532.00	1,544.31	2,162.03	2,316.46	2,726.39	3,609.82
After 6 m at comp.	268,443.78	1,579.08	2,210.71	2,368.62	2,787.79	3,691.10
After 1 yr. at comp.	269,882.75	1,587.55	2,222.56	2,381.32	2,802.73	3,710.89
After 2 yrs. at comp.	277,859.23	1,634.47	2,288.25	2,451.70	2,885.57	3,820.56
After 5 yrs. at comp.	282,190.76	1,659.95	2,323.92	2,489.92	2,930.55	3,880.12

Specially trained shop workers

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp.pay
Starting wages	267,658.77	1,574.46	2,204.25	2,361.70	2,779.64	3,680.31
After 6 m at comp.	274,073.20	1,612.20	2,257.07	2,418.29	2,846.25	3,768.51
After 1 yr. at comp.	275,575.91	1,621.03	2,269.45	2,431.55	2,861.86	3,789.17
After 2 yrs. at comp.	283,912.92	1,670.08	2,338.11	2,505.11	2,948.44	3,903.80
After 5 yrs. at comp.	288,345.81	1,696.15	2,374.61	2,544.23	2,994.47	3,964.75

Office workers

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp. pay
Starting wages	290,517.10	1,815.73	2,542.02	2,723.60	3,017.02	3,994.61
After 3 years' exp.	294,677.46	1,841.73	2,578.43	2,762.60	3,060.23	4,051.82

Pharmacist technicians

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp.pay
Starting wages	284,238.74	1,671.99	2,340.79	2,507.99	2,951.82	3,908.28
After 6 months' exp.	287,467.79	1,690.99	2,367.38	2,536.48	2,985.35	3,952.68
After 3 years' exp.	292,758.63	1,722.11	2,410.95	2,583.16	3,040.30	4,025.43
After 5 yrs. at comp.	300,234.56	1,766.09	2,472.52	2,649.13	3,117.94	4,128.23

Reception

	Monthly wage	Day work	33% supplement	45% supplement	Overtime work	Sp.hol.supp.pay
Starting wages	277,098.26	1,629.99	2,167.89	2,363.49	2,877.67	3,810.10
After 6 months' exp.	278,176.70	1,636.33	2,176.32	2,372.68	2,888.86	3,824.93
After 1 year's exp.	279,255.14	1,642.68	2,184.76	2,381.88	2,900.06	3,839.76
After 3 years' exp.	283,320.19	1,666.59	2,216.56	2,416.55	2,942.28	3,895.65
After 5 yrs. at comp.	288,112.56	1,694.78	2,254.06	2,457.43	2,992.05	3,961.55

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Applicable from 1 May 2018 – 31 December 2018

Shop assistants

	Monthly wage	Day work	40% After-hours work	50% Night work	Overtime work	Sp.hol.supp.pay
14-year-olds	167,652.94	986.19	1,380.67	1,479.29	1,741.08	2,305.23
15-year-olds	191,989.65	1,129.35	1,581.09	1,694.03	1,993.81	2,639.86
16-year-olds	227,142.69	1,336.13	1,870.59	2,004.20	2,358.88	3,123.21
17-year-olds	240,663.08	1,415.67	1,981.93	2,123.50	2,499.29	3,309.12
18- and 19-year-olds	256,887.56	1,511.10	2,115.54	2,266.65	2,667.78	3,532.20
Starting wages	270,407.96	1,590.64	2,226.89	2,385.95	2,808.19	3,718.11
After 6 m at comp.	276,497.09	1,626.45	2,277.03	2,439.68	2,871.42	3,801.84
After 1 yr. at comp.	277,979.23	1,635.17	2,289.24	2,452.76	2,886.81	3,822.21
After 2 yrs. at comp.	286,195.01	1,683.50	2,356.90	2,525.25	2,972.14	3,935.18
After 5 yrs. at comp.	290,656.48	1,709.74	2,393.64	2,564.62	3,018.47	3,996.53

Specially trained shop workers

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp.pay
Starting wages	275,688.53	1,621.70	2,270.38	2,432.55	2,863.03	3,790.72
After 6 m at comp.	282,295.39	1,660.56	2,324.79	2,490.84	2,931.64	3,881.56
After 1 yr. at comp.	283,843.18	1,669.67	2,337.53	2,504.50	2,947.71	3,902.84
After 2 yrs. at comp.	292,430.30	1,720.18	2,408.25	2,580.27	3,036.89	4,020.92
After 5 yrs. at comp.	296,996.18	1,747.04	2,445.85	2,620.55	3,084.31	4,083.70

Office workers

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp.pay
Starting wages	299,232.61	1,870.20	2,618.29	2,805.31	3,107.53	4,114.45
After 3 years' exp.	303,517.78	1,896.99	2,655.78	2,845.48	3,152.03	4,173.37

Pharmacist technicians

	Monthly wage	Day work	After-hours work	Night work	Overtime work	Sp.hol.supp.pay
Starting wages	292,765.90	1,722.15	2,411.01	2,583.23	3,040.37	4,025.53
After 6 months' exp.	296,091.82	1,741.72	2,438.40	2,612.57	3,074.91	4,071.26
After 3 years' exp.	301,541.38	1,773.77	2,483.28	2,660.66	3,131.51	4,146.19
After 5 yrs. at comp.	309,241.59	1,819.07	2,546.70	2,728.60	3,211.47	4,252.07

Reception

	Monthly wage	Day work	33% supplement	45% supplement	Overtime work	Sp.hol.supp.pay
Starting wages	285,411.20	1,678.89	2,232.92	2,434.39	2,964.00	3,924.40
After 6 months' exp.	286,522.00	1,685.42	2,241.61	2,443.86	2,975.53	3,939.68
After 1 year's exp.	287,632.79	1,691.96	2,250.30	2,453.34	2,987.07	3,954.95
After 3 years' exp.	291,819.79	1,716.59	2,283.06	2,489.05	3,030.55	4,012.52
After 5 yrs. at comp.	296,755.93	1,745.62	2,321.68	2,531.15	3,081.81	4,080.39

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