COLLECTIVE WAGE AGREEMENT BETWEEN **VR/LÍV AND THE ICELANDIC FEDERATION OF TRADE (FA)**

VALID FROM NOVEMBER 1st 2022 TO JANUARY 31st 2024

Please note that this is a translation. In matters of dispute, please refer to the original in Icelandic.

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1. Wages

1.1. Minimum wages

The parties to the agreement are to work toward ensuring that wages for a full-time position of fully fledged employees, 18 years and above, will, at the close of the three-month trial period, be as follows during the effective term of the agreement:

1 November 2022, ISK 442,101.

Where this goal is not achieved, the parties to the agreement will jointly, in co-operation with the employer of the employee involved, try to find an acceptable solution to the terms of the employee.

1.1.1. Monthly wage of adolescents

The wages of adolescents shall be as follows:

Younger than 18 years: not less than 80% of the minimum wage.

Those younger than 16 years shall not be paid less than 75% of minimum wages.

The wages of adolescents shall apply as from the beginning of the year in which they attain the required age.

1.2. Wage increases

1.2.1. Pay scales

The previously effective pay scales are replaced by new pay scales that are an integral part of this agreement, cf. attached document page 68. Pay scales are valid from 1 November 2022.

Wage changes 1 November 2022

This collective wage agreement is an extension of the parties' Living Standards Agreement that was valid from 2019–2022. According to the parties to the agreement, the agreement supports the purchasing power of wages as well as providing predictability to households and companies in times of great uncertainty. The agreement can thus build stability and create the conditions for a long-term agreement.

The wage increase in the agreement is in the form of a percentage increase and a maximum ISK increase.

On 1 November 2022, monthly wages will receive a general increase of 6.75%, with a maximum of ISK 66,000.

The above increases to wage rates are calculated from issued pay scales in Section 1.1. and in the attachment page 68.

Wage-related items

Wage-related items in the collective wage agreement increase by 5% on the same dates unless otherwise negotiated.

1.3. Wages

a. The employer and the employee negotiate without intermediaries among themselves as regards the wages of the employee in respects other than described in Section 1.2.

b. The wages shall reflect the work contribution of the employee, his competence, hard work, flexibility at work, work during special times, content of the position and responsibility and education if appropriate.

c. When determining wages between the employer and the employee, the wage 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 must take into account 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.

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.

The results of wage interviews shall be documented and confirmed by both parties and are regarded as an integral part of the employment contract.

Attachment relating to employee interviews:

An employee is entitled to have an interview with his superior once a year concerning his job and possible changes in employment terms. 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.
  - The atmosphere in the workplace and feedback to the employee from his or her immediate supervisor.
- Communication: with colleagues, clients and managers.
  - Flow of information.
- Job development and goals, current field of work, training courses and targets
- for e.g. 12 months. If no decision has been made to discuss pay separately, then such issue must be discussed within the year.
- Other terms.

d. Adopting a wage system by means of a workplace agreement is permitted in order to improve the competitiveness and development of the company and increase the earnings options of the employees.

e. Employees to whom the provisions of the agreement apply are entitled to request negotiations with the employer if the wages of the employee are significantly different from the starting wages of comparable employee groups within the company and the starting wage in comparable companies in comparable circumstances.

When assessing what can be considered as comparable terms, account is taken of available information from companies and of wage surveys carried out according to accepted methods and which may apply.

If the decision of individually based wages to a particular employee are clearly not in accordance with the premises stated in Item b, either association may request negotiations with the participation of both entities.

f. If it is considered that there is a significant mismatch in the total wage payments of groups of employees working in comparable companies under comparable conditions, both parties are entitled to refer such case to the wage committee.

g. When determining wages, these may be negotiated as fixed wages where account is taken of the principles of item b. The decision may be made in such agreement that the wages will also include payment for overtime and address other possible disadvantages or such arrangement that results from the fact that no special payment is made for overtime work.

Such agreements must provide for the maximum number of overtime hours that are included in the wages.

Disputes concerning the wage terms of individuals, in cases where fixed wages were negotiated, may be submitted to the contracting parties if it is clear that there is a significant mismatch between the wages and the total scope of the job, cf. Item b.

h. Wages shall be determined in accordance with objectives stated in laws on wage equality.

i. The parties agree that in the cases where the association sees reason to initiate a wage equality case, an investigation into the workplace may be performed with the participation of both associations before the actual negotiations take place. In connection with investigations / agreement negotiations, a decision must be made as to what wage information is deemed necessary to submit in individual cases.

1.3.1. Wage Committee

The wage committee consists of two members from each party who have the goal of resolving disputes as regards wage payments and the interpretation of the agreement.

If a majority decision cannot be reached by the representatives in the committees of both parties when a decision has to be made in a particular case, an impartial arbitrator which both parties nominate together shall be appointed to the committee. In the event that the dispute is not resolved by such measure, the assessment of the arbitrator shall cast the deciding vote.

When the committee is enlarged in this manner, the general practices on professional arbitrage with the flexibility that such conditions may result to shall apply.

The arbitrator shall rule on the division of costs. In addition, the arbitrator is empowered to impose financial fines when the basis for the complaint proves to be unfounded.

The arbitrator may decide that a particular case should be settled by means of written proceedings.

The wage committee may request information from the parties as regards the wage payments of comparable undertakings. Companies that are members of the associations are under obligation to provide such information.

1.4. General wage increase

The negotiated general wage increase in the collective wage terms 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.

1.5. December and holiday supplements

1.5.1. December bonus

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

In 2023 ISK 103,000

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. A full year's employment, for this purpose, is 45 worked weeks or more, excluding holiday time (annual vacation), or 1,597.5 hours.

As an agreement has been reached that the December bonus is 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 December according to the rules that the collective wage agreements contain, or they may be paid as a certain ISK increase of the monthly wage.

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.

1.5.2. Holiday bonus

The holiday bonus for each holiday reference year (1 May to 30 April), based on full-time employment, is: In the holiday reference year starting on 1 May 2023, the holiday bonus will be ISK 56,000 and is payable no later than 1 June 2023.

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. A full year's employment, for this purpose, is 45 worked weeks or more, excluding holiday time (annual vacation) or 1,597.5 hours.

As an agreement has been reached that the holiday bonus is 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 wage agreements contain, or they may be paid as a certain ISK increase of the monthly wage.

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.

1.6. Evaluation and length of service

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

1.6. Courses

1.6.1. Organisation of studies

Companies shall, in co-operation with employees, prepare a study plan for their studies, as far as circumstances permit. The study plan shall be aimed at increasing employees' competence and professional knowledge and promote increased economisation within the companies.

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.

1.6.2. 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 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.

1.6.3. Courses for sales representatives

It is desirable, where possible, that sales representatives 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 sales representatives, see Section 3.4.2. (on travelling costs).

1.7. Divisors

1.7.1. Divisors for calculating hourly rates

The daytime hourly rate of the employee shall be calculated by dividing the fixed monthly wage by 153.86.

1.7.2. 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).

1.8. Wages for 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.

1.8.1. Overtime work

All overtime is paid at an hourly rate corresponding to 1.0385% of the monthly wages for regular daytime work.

The overtime of office workers working according to a predetermined shift plan system is paid in the same manner as described in the applicable agreement.

- See Section 2.3.1 for days off.

1.8.2. Work on 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 according to special agreements 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.

1.9. 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.

1.10. 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.

1.10.1. Payslip

Employees shall receive a payslip when each wage payment is made. Payslips must be itemised, e.g. under daytime pay and overtime pay, with the number of hours worked in overtime work being stated. Accrued and accumulated holiday time together with rest time accumulation must be shown on the pay slip. 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, and that request shall be complied with within a week.

1.10.2. Wage payment period

All wages shall be paid in a lump sum, retroactively, for each month.

1.11. Employment contracts

1.11.1. The preparation of employment contracts

After two months employment, the employee is entitled to a written employment contract stating his wages and other employment terms. In the event of a company agreement, his share in the employment terms shall be specifically stated. Employees who have not received a written employment contract can request a written confirmation of employment terms. The employer will be held liable for compensation in the event that the provisions of this article are violated.

1.11.2. Contents of the employment contract

Contracts of employment or written confirmations of employment 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, nature or type of work for which the employee is engaged, or a short summary or description of the job.
4. The first day of employment.
5. The duration of employment, if temporary.
6. The employee's right to an 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. Number of overtime hours if overtime is included in the wage.
11. Work and disturbance outside working hours resulting from the home or mobile phone number of the employee being listed in the telephone book by a company or reference made to such numbers in another comparable manner.
12. Pension fund, mandatory pension fund and private pension fund.
13. Reference to a valid collective wage agreement and the trade union involved.

Information on Items 6–9 may be given in the form of a reference to a collective wage agreement.

1.11.3. Working abroad

Employees required to 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, the following must be stated:

1. The estimated time spent working abroad.
2. The currency in which wages are to be paid.
3. Bonuses or perquisites associated with the work abroad.
4. Where applicable, the conditions by which an employee can return to his country of origin.

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

1.11.4. Competition provisions

Provisions in employment contracts that forbid employees to enter into an employment contract with the 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. To determine whether this is the case, each case must be evaluated on a case-by-case basis, taking into consideration all circumstances. Competition provisions, therefore, may not be worded too generally.

When assessing the permissible scope of a non-competition clause in a contract of employment, in particular with respect to scope and time limits, the following factors must be considered:

a. The type of work performed by the employee involved, e.g. is the employee a key employee, in direct contact with the customer or has a high level of confidentiality. In addition, what knowledge or information the employee might 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 the employee's freedom of employment is not restricted unfairly.
e. That the non-competition clause is clearly defined and concise with regard to the purpose of protecting certain competition interests.
f. The perquisites of the employee will also have an effect on what his wages are.

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

1.12. Wages in a foreign currency

The employee and the employer may agree that a proportion of the regular monthly wage is to be paid in a foreign currency or that a proportion 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 wage agreement in effect for the industry in question.

The total of Items 1–3 forms the base for the payment of taxes and contributions in accordance with the collective wage agreement, such as to a pension fund, trade union fund, sickness benefit fund, rehabilitation fund, holiday home fund and the continuing 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 may, at any time, request the termination of the agreement. If the employee submits such a request, the employer shall comply with it from the next month-end from the time it is presented. An employee shall receive wages according to Item 1 as amended from the date when the original agreement was reached.

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 Attachment 2008 to agreement on wages in foreign currencies.

2. WORKING HOURS

2.1. Daytime work

Payment for all work shall be based on active working hours.

The daytime work period is from 07:00 to 19:00 on working days.

The active working hours for full daytime work is 35 hours and 30 minutes per week. Active working hours are the actual worked hours without any breaks.

Working hours shall be determined in each workplace so that account is taken of the needs of both the company and the employee.

2.1.1. Continuous daytime work

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

2.1.2. Agreement on working hours arrangements

Reaching an agreement between the employer and the employee enables the organisation of working hours in advance in a company, making clear the manner in which work will be arranged during the period. The working hours of employees working full time and employees working part time may be arranged in such a manner that the weekly working hours are variable during a period between 07:00 to 19:00, Monday to Friday, for a maximum of 16 weeks. If the organisation of working hours over a specific period is arranged in such a manner that it exceeds 45 working hours during one or more weeks, overtime wages shall be paid for the hours in excess of 45 hours per week as well as for the time from 19:00 to 7:00 even if the hours do not exceed the normal weekly work-hour criteria on average during the period.

All working hours, up to 35 hours and 30 minutes per week, cf. Section 2.1., or the average of a specific period, cf. the first paragraph of this provision, shall be paid for with normal wages irrespective of whether the employee is a full-time or part-time employee.

Any changes made to working hours shall, as a rule, be made known with 4 weeks' notice.

2.1.3. Maximum working hours per 16-week period

The average working time calculated over a period of up to 16 weeks may not exceed 48 working hours. This includes overtime hours, cf. the agreement on certain aspects relating to the organisation of working hours.

2.1.4. Flexible working hours

The provisions of this section of the contract do not prevent the negotiation of flexible working hours.

2.1.5. Stand-by shifts and disturbance due to telephone

2.1.5.1. Stand-by shifts

Stand-by shift duty may be negotiated, according to which employees are obliged to be contactable by telephone and to respond to call-outs. In such cases, 1/3 of daytime wages are to be paid for each hour on stand-by unless otherwise negotiated in the employment contract.

In the even that an employee undertakes stand-by shifts on major public holidays, the above proportion shall be calculated on overtime pay.

2.1.5.2. Disturbance due to telephone

If the home or mobile phone number of the employee is listed in the telephone directory by a company or reference made to such numbers in another comparable manner, the employment contract shall state the manner in which compensation shall be paid for the work that accompanies such work and disturbance outside working hours.

2.1.6. Leave in exchange for overtime work

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

Settlement for such work shall take place at the same time as the monthly wage calculations, with monetary payment being made for that part of such work as has not already been paid for in the form of leave or is to be paid for in the following month, except where the parties involved agree on linking such leave to the employee's annual holiday entitlement. Such leave shall be taken in whole days following a weekend and shall be continuous. This authorisation does not apply to overtime work after 12:00 on Saturdays in December or after daytime hours end on 23 December.

2.1.7. Leave due to workload and longer opening hours in shops in December

Permanently employed employees and inventory workers in the shops that have longer opening hours
in December, such as on Saturdays after 16:00, Sundays and the evening of 23 December, and who hold an at least 50% position are entitled to two paid days off.

If an employee so requests, he is entitled to a 10% bonus based on his own daytime wage in December instead of two days off. Requests for such must be submitted at the beginning of December.

The parties to the agreement agree that the days off that shop service personnel earn due to longer opening hours in December may be granted before 12:00 on Christmas Eve and New Year's Eve or after Christmas.

2.1.8. 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.

2.1.9. 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 overtime work, and if they do so, they shall not be made to suffer in any way.

2.2. Overtime work and work on major public holidays

2.2.1. 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.

2.2.2. Work on major public holidays

Work on major public holidays is work during major public holidays, cf. 2.3.2.

2.2.3. Work on Saturdays and Sundays

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

Refreshment breaks are taken as circumstances permit on Saturdays and Sundays. Due to variable refreshment breaks and flexible working hours in shops on Saturdays and Sundays, at least one hour shall be paid in excess of hours worked.

If work begins before 12:00 noon on Saturdays, the work shall be paid as if beginning from 09:00. Payments for work on Sundays are from the commencement of work.

– See Attachment to the Collective Wage Agreement dated 6.9.1984.

2.3. Public holidays and major public holidays

Public holidays are all the holidays of the Church of Iceland in addition to the days listed in Sections 2.3.1 and 2.3.2.

2.3.1. Days off

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

With regard to scope, rest periods, breaks and more, reference is made to the ASÍ and VSÍ agreement of 30 December 1996, on certain aspects of the organisation of working hours. The following provisions supplement Section 13 of this Agreement.

2.4.1. Daily rest period

Working hours 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 0.5 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 eight 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 four 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 seven-day period, the employee shall have at least one weekly day off, connected directly to 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 weeklyday 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 two 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 a 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

Employees are entitled to a break of at least 15 minutes if their daily work hours exceed 5 hours.

2.4.6. Weekend days off in shops

Shops shall seek to structure the working time of shop assistants who work every weekday so that they will have time off on at least 8 weekends of every 16 from Friday evening until Monday morning.

2.4.7. Rest in connection with travel

If no other terms are negotiated, employees travelling during the evening or overnight for their employer shall have the right to a minimum of 11 hours' rest, cf. 2.4.1.

2.5. Recording working hours

2.5.1. General

Employees shall turn up punctually for work, whether such work begins in the morning or after a meal or refreshment break. In the event that employees are repeatedly late for work, the employer may deduct ¼ hour from their monthly wages at overtime rates for each begun ¼ hour or fractions thereof in the case of repeated instances. Each begun ¼ hour of worked overtime work shall be counted as ¼ hour.

2.5.2. 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. 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 overtime rates to be deferred by more than 30 minutes.

2.5.3. Organisation of working hours on an annual basis

The employee and the employer may negotiate working hours on an annual basis. In such case, the total number of working days or working hours during the calendar year shall be specified.

An agreement may be reached to rearrange the working hours of the employee within the daytime work period in such a manner that the employee can complete a certain number of working hours early in the year and receive time off in exchange later.

Decisions on working arrangements must be pre-negotiated and documented.

The working hours may not, however, contravene other provisions of the Collective Wage Agreement that provide for minimum rest and maximum number of working hours, cf. Section 2.4 and the agreement of labour market entities as regards working hours.

– See attachment on the organisation of working hours on an annual basis, page 65.

2.6. 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.

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, 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 the parties concerning part-time work and, as appropriate, the Part-Time Workers Act.

[Protocol 1989 on the working hours of shop assistants who work at least 32 hours on daytime work per week: As a rule, concerning the working hours of shop assistants beginning work before noon and working all working days, it is assumed that work will begin at 9:00 in the morning. Deviations from this rule as regards individual employees may only be made if the employee in question has requested shorter working hours.

The present arrangements of working hours shall be terminated with the appropriate notice so that the working hours and wage payments of the employee in question will not be amended until after the expiry of such notice period.]

3. BREAKS, MEAL BREAKS, FOOD AND TRAVELLING COSTS

3.1. Breaks during daytime work

Employees are entitled to breaks of at least ½ an hour per day in total unless otherwise negotiated. The daily time used for breaks may not exceed 1 hour unless the working day exceeds 8 hours per day, in which case breaks may be up to 1.5 hours per day. On days in which the workday ends before 14:00, the parties to the agreement may agree to forego the break.

3.2. Meal breaks outside daytime working hours

A supper break shall be granted during the period 19:00–20:00, with pay at overtime rates. If employees work during the meal break or part thereof, they shall be paid 1 hour in addition to the working hours and on the same wages, and this shall also be done even if working shorter.

If overtime is worked, the meal break shall be from 3:00 to 4:00.

3.3. Travelling to and from the workplace

Travel to and from the workplace in the Greater Reykjavík Area during periods when buses do not run shall be paid for by the employer. The employer may, however, transport the workers at his own expense if he so wishes.

3.4. Work outside the area covered by the Agreement

3.4.1. 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. The State Travel Expenses Committee should be taken into account, unless otherwise agreed.

3.4.2. Sales representatives' 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 sales representatives use their own cars, they shall receive payment in accordance with the decision of the Government Travelling Expenses Committee (Ferdarkostnadarnefnd ríkisins), i.e. out of town; if they use them in town, then an

agreement shall be reached regarding daily rates.

3.5. 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.

3.6. Daily 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.

4. HOLIDAY PAY

4.1. Holiday entitlement

4.1.1. Statutory holiday time

Minimum annual holiday entitlement shall be 24 working days. Annual holiday allowance shall be 10.17% of all wage payments, whether at daytime 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 an 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.

4.1.2. Additional annual leave

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 11.59%.

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

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

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.

Holiday in excess of 20 days may be granted during the defined holiday period from 2 May to 15 September unless other arrangements are negotiated. If an employee requests to use his holiday entitlement outside the aforementioned period, such request shall be granted to the extent possible give the nature of the operation.

4.3. Determining the timing of holiday taking

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

4.4. Illness during annual leave

If an employee becomes so ill during a holiday in Iceland, in a country within the EEA, Switzerland, the United Kingdom, the United States 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 medical 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.

4.5. The Holiday Allowance Act

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

4.6. Maternity/paternity leave

According to the Act on Maternity/Paternity Leave and Parental Leave No. 95/2000, maternity/paternity leave shall count as working time for the purpose of assessing work-related rights, such as the right to holiday or the extension of the holiday period under wage agreements, wage increases due to seniority, sickness rights and notice period of termination of employment.

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.

Mandatory 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 8.4 on antenatal care.

Example of holiday pay calculations:

A person's wages for shop work in May 2023 are ISK 500,000 for daytime work and ISK 50,000 for overtime for each month worked. Total wages are ISK 550,000. His holiday pay for that month will be 10.17% of ISK 550,000, i.e. ISK 55,935.

This holiday pay is converted to hours of holiday by dividing it by the current hourly day-wage rate, which is ISK 3,250 (ISK 500,000/153.86). Thus, the number of holiday hours for the month of May is 17.21 hours (ISK 550,000 x 10.17% / ISK 3,250).

Over the holiday leave year, this employee could, e.g., have acquired 187.43 hours of holiday leave entitlement.
(10.89 months the person works x 17.21 hours). When he goes on holiday in summer 2023, his wages will possibly have risen and his hourly rate will e.g be ISK 3,350. Thus, the holiday allowance will be ISK 627,875 (187.43 hours of leave x ISK 3,350 per hour).

5. PRIORITY RIGHTS TO EMPLOYMENT

Employees undertake to allow shop and office workers who are full members of VR and other member associations of LÍV priority rights to shop and office worker positions in the union area of the associations when requested to do so and the members seeking the position are fully competent to undertake the work in question.

Employers shall be free to choose which of the members they employ. In the event that an employer wishes to employ a person who is not a member of VR or other LÍV associations, the union shall be under obligation to grant such person membership provided that his membership does not contravene the laws of the union.

VR and other LÍV associations undertake, in the event that there is a scarcity of workers, to provide FA members with priority rights to employ full members provided that they have advertised their requirement for shop and office workers.

6. FACILITIES, SAFETY AND HEALTH

6.1. Lockable lockers, medicine chest, hygiene facilities and refreshment facilities

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.

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 washbasin.

All workplaces are to have facilities for consuming refreshments and storing protective clothing.

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 floor 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 VR/LÍV and FA.

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

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 floor manager 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.

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.

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

Accidents occurring on a direct route to and from work are considered accidents at work as regards medical and transport costs. 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 social security or the wage earner's accident insurance.

Explanation

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.

8.1.2. 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 for up to 3 months according to the wages of the employee at the time that the accident or illness occurs, providing that per diem payments from the State Social Security Institute 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 on Workers' Right to Advance Notice of Termination of Employment and to Wages on Account of Absence through Illness and Accidents.

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.

Absences for plastic surgery or which are the result of events for which the employee is responsible are not considered absences due to illness.

[Declaration dated 5 March, 1997: Due to the debate that has arisen on the additional provisions to Section 8.2.1. on the payment of wages during absences due to illness or accident contained in the Collective Wage Agreement between FA and VR/LÍV, signed

on 1 March 1997, it should be noted that the parties agree that this provision in no manner curtails the absence and/or illness rights of employees or limits the payment obligation of employers according to the most recently effective collective wage agreement.

This provision is intended to reduce the number of uncertainties and dispute issues that have arisen in illness and accident absences which have had to be referred to the courts.]

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 year's work for the same employer: 4 months for every 12 months
- after 10 year's work for the same employer: 6 months for every 12 months

Explanation

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 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.

8.3. Medical certificate

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.

The employee can elect to undergo an examination by a general practitioner or a specialist of his own choice instead of seeing the company physician. The company physician can access information from the general practitioner or specialist.

8.3.1. Payment for medical certificates

The employer shall reimburse the employee all fees that he may pay to a physician or medical centre to obtain a requested medical certificate if the above conditions are met.

8.4. Pre-natal care

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

- See 4.7. on maternity/paternity leave.

- See Act No. 95/2000 on Maternity/Paternity Leave and Parental Leave.

8.5. Absence due to illness of children

During the first year of employment for the same employer, a parent may spend two days for each month of employment, until the entitlement reaches 12 days during each 12-month period, to care for an ill child under the age of 13, provided that no other care can be obtained and the employee shall, in such case, retain his regular wages as well as any shift supplements, where appropriate.

The same applies to children under the age of 16 when their illness is so severe that they need hospitalisation for at least one day.

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. An employee is not entitled to pay from an employer in the above cases, cf. however, the provisions of Paragraph 1.

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 as from the workplace and to the workplace during refreshment breaks. If an employee stays outside of his home because of his work, the venue where he stays replaces the home, and in such instance, the insurance also covers normal travel between the home and the venue of stay.

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 an accident resulting from the use of registered motor vehicles. 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 November 2022 (560.9 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 shall be as follows from 1 November 2022:

1. To the surviving spouse, the benefits shall amount to ISK 9,923,920. 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. Compensation to each child, however, shall never be a less than ISK 3,969,568. 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 992,393. If the deceased has been the sole provider of a child or young person, the benefits 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 992,393.
4. If the deceased had no spouse pursuant to Item 1 above, then death benefits amounting to ISK 992,393 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 22,626,540. Compensation for permanent disability shall be calculated in such a manner that ISK 226,266 is paid for each disability degree from 1 to 25, ISK 373,465 is paid for each degree of disability from 26 to 50 and ISK 905,062 for each degree of disability from 50 to 100. Compensation for 100% disability, therefore, is ISK 62,222,984.

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 it shall not be made for more than 37 weeks.

Per diem payments for temporary disability are ISK 49,615 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 applicable provisions as are contained in the Act on Insurance Contracts No. 30/2004.

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 November 2022.

9. SICKNESS PAY FUND, HOLIDAY PAY FUND, VOCATIONAL TRAINING FUND, PENSION FUNDS AND VOCATIONAL REHABILITATION FUND

9.1. Sick Pay Fund

Employers shall pay 1% of employees' wages to the sickness fund of the trade union concerned, unless higher payments have been negotiated in wages and terms 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. Moreover, Act No. 55/1980 on Working Terms and Obligatory 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 Obligatory Pension Rights Insurance.

9.3. Vocational training and continuous education fund

A vocational training and continuous education fund shall be operated with the goal of promoting the increased capabilities and education of commercial workers. The fund shall also have the goal of promoting the increased productivity of Icelandic retail companies that are operating in an international competitive market. Payments from the fund shall also cover the preparation of educational material and promote varied educational opportunities for the sector.

Members of VR and other LÍV association shall apply for grants directly from the unions. Companies that are members of FA shall direct their applications for grants to FA. The Board of Directors of the fund shall consist of two persons from each party to the agreement and shall establish operating rules for the fund as regards the manner in which funds from the fund shall be allocated.

Employers pay 0.3% of the same pay reference base as is used to calculated pension premiums. The unions shall pay a matching contribution amounting to 0.05% of the

same reference base.
In the event that the fund is discontinued, any funds that may remain in the fund shall be disbursed to the parties to this agreement in the same proportion as they have paid into the fund.

The provision may be reviewed during the effective term of the agreement, taking into account, for instance, the provisions of the third paragraph of this section.

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 Funds Operations.

9.4.2. Premiums

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

From 1 July 2018: 11.5%

9.4.3. The Board of the Pension Fundof Commerce (Lífeyrissjóður verzlunarmanna)

The Board of the Pension Fund of Commerce shall consist of equal numbers of representatives from the employers' organisations and VR.

9.4.4. 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 the 2–4% paid by the employee.

9.5. Vocational rehabilitation fund

Employers shall pay 0.1% to the Rehabilitation Fund (Starfsendurhæfingarsjóður), cf. the statement of ASÍ and SA attached to this agreement.

10. Union dues

10.1. Collection

Employees undertake to collect the annual premiums of full (principal) and associate members of VR and other member associations of LÍV in accordance with the conditions and rules of the association in question, whether a proportion of wages or a fixed fee.

- See Act No. 55/1980 on Working Terms and Obligatory Pension Rights Insurance.

10.2. 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.

10.3. Staffing reports

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

11. NOTICE OF TERMINATION

11.1. Notice of termination

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

- 1 week (7 calendar days) during the first three months, which constitutes a trial period,
- but after that, the notice period shall be 1 month in the next 3 months.
- 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 at least 10 years continuous employment for the same company, the notice of termination is:

- 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, however, may resign from work with three months' notice.

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.

11.2. Termination of employment contracts

11.2.1. 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.

11.2.2. Interview on the reason for termination

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

The employee may request, on the conclusion of such interview, or within 4 days (based on working 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 (based on working days) thereafter.

If the employer does not acquiesce to the request of the employee as regards written

reasoning, the employee is entitled to another meeting with the employer within 4 days (based on working days) as regards the reason for the termination of employment in the presence of his or her trade union representative or other representative of his or her trade union if the employee so requests.

11.2.3. 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.

Care must also be taken of 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.

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.

11.2.4. Penalties

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

11.3. 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:

11.3.1. 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 companies with 16–100 employees
- at least at least 10% of the employees in companies with 101–300 employees
- at least at least 30 in companies 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.

11.3.2. 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.

11.3.3. 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.

12. SHOP STEWARDS

12.1. Selecting shop stewards

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

Explanation

In this context, a workplace is any company in which a group of people work together. In companies with more than one operating unit, the shop steward shall be given the opportunity to undertake his shop steward duties in all operating units. Alternatively, a greater number of shop stewards may be elected to undertake such work.

12.2. 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.

12.3. 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.

12.4. 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.

12.5. Meetings

The shop steward in each enterprise shall be able to call a meeting with the employees twice a year, at the workplace 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.

– See Protocol 2004 on the participation of employees in collective agreement negotiations.

12.6. Complaints

Shop stewards shall present employees' complaints to their supervisors or other managers within the company before approaching other parties.

12.7. 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.

12.8. 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.

13. ACCRUED RIGHTS

13.1. 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 one continuous year or more for the same employer shall enjoy his accrued rights again after three months' work if he is re-engaged after a break in employment lasting longer than three years but less than five 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.

Note:
"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 accruement of rights, unless laws and collective wage agreements decide otherwise, as is the case, for instance, with statutory childbirth leave.

13.2. Accrued rights due to work abroad

Foreign employees in Iceland, as well as Icelanders who have worked abroad, bring with them their accrued period of employment with respect to the rights in the collective agreements that relate to the employment period in the relevant field of work, provided 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 must confirm receipt of the certificate.

The certificate of the former employer 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.

14. CORPORATE CONTRACTS

14.1. Special company agreement provisions

In companies employing 10 persons or more, and where at least half of these agree, employees may request that the collective wage agreement between the parties is adapted to the needs of the workplace in question. In the same manner, the employer may request negotiations for such adaptation. The requirement of half the employees does not apply if the employer agrees to such adaptation. Agreements according to this Section must be in writing and signed by the employer and a representative of the employees.

When negotiations pursuant to the above have been decided, each party must inform VR/LÍV and FA of such negotiations. Either party may seek advice from the parties to the agreement.

Adaptation agreements must clearly state the benefit to the company as well as the share of employees in such benefits. 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, a percentage supplement on their wages or some other form.

The company agreement is prepared under peaceable means and may laps before termination of employment. Either party may terminate the contract with three months' notice based on the beginning of the month. In order for termination to be binding on the part of employees, the approval of the majority of employees must be obtained by secret ballot.

The shop steward, or union in the absence of a shop steward in the company in question, shall appoint up to five persons to a negotiating committee for the employees, based on the size of the company.

Company agreements allow deviations from collective wage agreements as regards the following issues:

1. Transferring a proportion of the overtime supplement to daytime work.
2. Lengthening the daytime work period. Under no circumstance, however, may daytime work begin before 07:00 and must end before 19:00.
3. Working hours may be arranged in such a manner that the number of daytime hours is variable over a specified period while ensuring that the average number does not exceed normal weekly daytime hours.
4. That overtime is not paid until a particular number of working hours has been achieved.
5. That overtime is paid at the close of a predetermined reference period.
6. That part of the annual holiday entitlement is used to reduce the level of activity or to close the company on certain days outside the normal holiday period.

7. To negotiate a workweek of 36 hours and 15 minutes (35 hours and 30 minutes as of 1 January 2020) based on active working hours. In such cases, employees must be ensured a refreshment break of at least 1 hour during daytime working hours.
8. The parties may negotiate a benefit division system.

When it is clear that every avenue has been exhausted to reach an agreement between employees and the employer as regards the adaptation of the collective wage agreement, either party may refer the issue for formal processing by the parties to the agreement.

15. COLLECTIVE WAGE AGREEMENT VOTING

15.1. About voting

The parties to the agreement shall submit the Agreement for legal procedure in accordance with Article 5 of Act No. 80/1938. The right to vote on this Agreement is limited to the members of VR and other member associations of LÍV that, according to payment files, are working for FA members.

16. EFFECTIVE TERM, DECLARATION AND PROJECT TIMETABLE

16.1. Effective term

This Collective Wage Agreement will remain in effect to 31 January 2023, when it will expire without notice of termination.

16.2. Principal objectives

This collective wage agreement is an extension of the parties' Living Standards Agreement that was valid from 2019–2022. According to the parties to the agreement, the agreement supports the purchasing power of wages as well as providing predictability to households and companies in times of great uncertainty. The agreement can thus build stability and create the conditions for a long-term agreement.

16.3. Project timetable

With the extension of the Living Standards Agreement until 31 January 2024, discussions on other issues than the wage item in the party's presentation of a claim are postponed. The parties agree to start negotiations on other claims as stated in the following table.

	Project begins	Project finishes
Work on protocols	Started	10 February 2023
Substantive elements, clarification and proofreading	Started	10 February 2023
Review of other project components	3 November 2022	15 December 2023

PROTOCOLS, DECLARATIONS AND ATTACHMENTS

Protocol 2022 on customs issues

The parties agree to request that the government begin work on abolishing and reducing tariffs for the benefit of consumers. Reducing tariffs is one of the most effective ways to improve the welfare of employees. In the opinion of the parties to the agreement, a good start would be to abolish tariffs that do not protect any traditional domestic agricultural production.

Protocol 2019 on a rental housing company

The parties will jointly continue to develop ideas and arrangements for the funding of a rental housing company, with e.g. the involvement of pension funds within the negotiating sphere of the parties. The object of the company is the housing security of tenants, advantageous renting conditions and to create a good investment opportunity for pension funds.

Protocol 2019 on vocational education in retail

Professional retail training is a project that provides employees with the opportunity to undertakes studies of up to 90 credits and have their education used to determine their wages. Skills assessment measured against labour market criteria will be used so that employees can use the aforementioned skills as credit to shorten their studies.

The courses take place in the premises of the Commercial College of Iceland (Verzlunarskóli Íslands) and consists of distance learning, localised classwork and workplace training. The programme provides 90 credits, 60 credits theoretical work-related courses and 30 credits in workplace training under the guidance of a workplace trainer.

The studies are based on competency analyses for the position of Retail Representative which has been placed in level 2 of the ISQF and Middle Management in shops which has been placed in level 3 of the ISQF.

The employee's application for the studies is subject to the approval of the company, and the workplace training aspect of the programme takes place in co-operation with the company with the involvement of its workplace trainer. The studies are expected to begin in January 2020, and individuals will be invited to undergo a a real competence assessment in October/November 2019.

The parties to the agreement agree that the skills assessments of employee are to be used in the determination of wages. Either party to the agreement may request that the representatives of the agreement review the manner in which such assessment shall influence the determination of wages.

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 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 employers, 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 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 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 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 –Equal rights 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.

1. 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.
2. 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.
3. Jointly prepare promotional and educational material for wage earners and undertakings on equal rights in the labour market during the term of the agreement.
4. 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 – 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. 151/2006 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 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 the company physician/service company in the field of occupational health and safety

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 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 than15 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 2004 on changes to employer membership

The parties agree that when companies join or leave FÍS (FA) they are not permitted to transfer their employees between collective wage agreements except with the approval of the employee and his union or when agreements have expired.

Protocol 2004 on the participation of employees in collective agreement negotiations.

When collective wage agreements are being negotiated, members of VR and other members of 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 at the annual general meeting of ASÍ/LÍV and representatives on joint committees of ASÍ/LÍV and FÍS (FA). 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. As a rule, no more than 1 employee from each company with 5 – 50 employees shall attend and two employees from companies with more than 50 employees. Employers shall not be obliged to pay wages for the hours during which the employees are absent.

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.

Protocol 1989 on the working hours of shop assistants who work at least 32 hours on daytime work per week

As a rule, concerning the working hours of shop assistants beginning work before noon and working all working days, it is assumed that work will begin at 9:00 in the morning. Deviations from this rule as regards individual employees may only be made if the employee in question has requested shorter working hours.

The present arrangements of working hours shall be terminated with the appropriate notice so that the working hours and wage payments of the employee in question will not be amended until after the expiry of such notice period.

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 dated 5 March, 1997 relating to Section 8.2.1 on wages during absence due to illness and accidents

Due to the debate that has arisen on the additional provisions to Section 8.2.1 on the payment of wages during absences due to illness or accident contained in the Collective Wage Agreement between FÍS (FA) and VR, signed on 1 March 1997,
it should be noted that the parties agree that this provision in no manner curtails the absence and/or illness rights of employees or limits the payment obligation of employers according to the most recently effective collective wage agreement.

This provision is intended to reduce the number of uncertainties and dispute issues that have arisen in illness and accident absences which have had to be referred to the courts.]

Agreement between FA and LÍV/VR on store services in conjunction with security issues

Employees who work as shop assistants in addition to being responsible for security fall under the provisions of the collective wage agreement of VR/LÍV and are within the negotiating sphere of VR/LÍV.

FA members ensure that the overall terms of the shop workers who are also responsible for security and who are members of VR/LÍV are not lower than minimum terms according to the collective wage agreement of VR/LÍV and FA although the pay structure differs from that described in collective wage agreements.

2008 Agreement between FA 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 more during the previous calendar year, the obligation regarding information and consultation shall be waived under this Agreement if the number of employees, based on the average over the past four months, is lower than 40.

Substitute workers in connection with summer holidays, illnesses or absence for other reasons shall not influence the calculation of employee numbers.

3. Collaboration committee

3.1. Enterprises covered by this Agreement shall have an active collaboration committee of the enterprise and the employees. This committee shall consist of two representatives from the employer and two employee representatives.

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 collaboration committee from among their number. If there is one shop steward in the company, the employees shall elect the other member of the collaboration 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 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 collaboration 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 collaboration 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.

2008 ATTACHMENT ON WAGES IN FOREIGN CURRENCY – AGREEMENT FORM

The Company ehf., ID No. _____ on the one hand and _____ ID No. _____ on the other, enter into the following agreement to link a proportion of the wages with a foreign currency or to pay a proportion of the wages in a foreign currency on the basis of the provisions of the collective wage agreement _____ thereto.

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: _____

On behalf of the company

_____

Employee

_____

Attachment – Workdays 2023

	24 days holiday	25 days holiday	27 days holiday	30 days holi day
Weekends	105	105	105	105
Days off	10	10	10	10
Vacation days	24	25	27	30
Working days	226	225	223	220
Total	365	365	365	365

ATTACHMENT TO COLLECTIVE WAGE AGREEMENT FROM 6 SEPTEMBER 1984 RELATING TO 2.2.3 ON WORK ON SATURDAYS AND SUNDAYS

When work is done on Saturdays, payment shall be made for a minimum of 4 hours at overtime rates, even if the period worked is actually shorter. Due to variable refreshment breaks and flexible working hours in shops on Saturdays, at least one hour shall be paid in excess of hours worked. This shall, however, not apply to regular shift-work, such as in kiosks (corner shops). If work begins before 12:00 noon on Saturdays, the work shall be paid as if beginning from 09:00.

Below are a few examples according to the above:

Working Hours	Paid hours
09:00–11:00	4 hours (meal break not taken)
09:00–12:00	4 hours -
09:00–13:00	5 hours -
09:00–16:00	8 hours -
10:00–12:00	4 hours -
10:00–13:00	4 hours -
10:00–14:00	5 hours -
10:00–15:00	6 hours -
10:00–16:00	7 hours -
11:00–13:00	4 hours -
11:00–15:00	6 hours -
09:00–14:00	5.5 hours (if meal break, e.g. 0.5 hour)
09:00–15:00	6.5 hours -
09:00–16:00	7.5 hours -

PAY SCALES

Pay scales 1 November 2022

Shop and office workers

	Monthly wage	Daytime work	Overtime work	Major public holiday supplement
Younger than 16 years	293,558	1,907.96	3,048.60	4,036.42
16- and 17-year-olds	313,128	2,035.15	3,251.83	4,305.51
Starting wages	391,410	2,543.94	4,064.79	5,381.89

Holiday bonus ISK 56,000
December bonus ISK 106,000