

Agreement

between

**Maskinmeistarafelagið
(The Faroese Engineers' Union)**

and

**Reiðarafelagið fyri Handilsskip
(Shipowners of the Faroe Islands)**

1. Scope of the Agreement

This Agreement only applies to members of Maskinmeistarafelagið and Reiðarafelagið fyri Handilsskip.

2. Employment and Period of Notice

2.1. An employment agreement shall be given in conformity with the parliamentary law on employers' obligation to enter a written agreement with seafarers, outlining the rules of employment.

2.2. The period of notice from a shipping company is 1 month to the last day of a month during the first 6 months of employment. After 6 months' employment it is 3 months to the last day of a month. The period of notice is extended by 1 month every third year of employment up to a maximum of 6 months.

Engineers/engineemen shall give 1 month's notice to the last day of a month. The period which the compensation in §41 In the parliamentary act regarding working conditions and other circumstances affecting seafarers, can be set off against this period of notice.

2.3. Anyone who has been given notice and leaves employment before the period of notice has ended shall pay the shipping company a sum equivalent to the wages for half of their period of notice.

2.4. If a shipping company terminates an engineer's employment while abroad, the shipping company shall pay for his travel home. If the period of notice ends before he returns home, he shall receive wages until the day he returns. The foregoing does not apply when employment is terminated due to an engineer's failure to comply with the employment contract.

2.5. When employment is terminated on grounds of *force majeure* preventing a vessel from leaving port, stoppage because a vessel is in dock, undergoing repairs or on similar grounds, the period of notice for engineers, who have been in a shipping company's service for more than 1 year, does not commence before the vessel or engineer has returned home.

2.6. When engineers are instructed by a shipping company to transfer to a vessel in a lower wage bracket, before they have returned home on holidays, they shall receive the same wages as before the transfer. If the transfer takes place while abroad, then Article 7 of the Merchant Shipping Act applies, it stipulates that engineers shall not spend more than 6 months away from home. Transfers taking place after an engineer has given notice of resignation may not extend the period of notice.

2.7. When engineers resign while at home and before they are due to sign on again their term of employment, and with it their wage entitlements, end when the time off they have accrued

has been settled, unless the shipping company is able to assign them to one of the company's other vessels within the period of notice stipulated in 2.2.

2.8. Should the provisions in 2.5 or 2.6 generate any travel expenses to and from a vessel, the shipping company shall pay for any such expenses.

2.9. Repeat termination of employment, meaning any termination of employment repeated monthly or every third month, is null and void.

2.10. Once engineers have been with a shipping company for over half a year, they may, by agreement with said company, bring their partner on board for a maximum of 3 months per year.

2.11. If a partner remains on board for more than 3 months, the vessel shall receive payment for board. The shipping company is not liable for any travel expenses, insurance or any other responsibility whatsoever.

2.12. The above provisions are contingent upon conditions on board allowing for any such arrangement and that the vessel is not in any industry, which requires anyone on board to have special skills.

2.13. Any vessel with a freezer hold of over 1000 m³ is considered a freezer vessel.

2.14. Only time off in lieu of pay accrued during the latest period signed on may be offset against the period of notice. Any time off in lieu of pay accrued during the period of notice shall be considered part of the period of notice from the shipping company. Time off in lieu of pay accrued before the period of notice shall not be considered part of the period of notice from a member of the crew.

3. Wages

3.1. The fixed monthly wages include compensation for 11 working hours per 24 hours. Regular meal breaks are included in these working hours, except when standing watch.

3.2. For work which is performed by an engineer exceeding 11 hours in a 24 hour period the overtime rate will be calculated as the monthly wage/173 + 25%.

3.3. Accrued overtime may, by agreement with the shipping company, be converted into time off as follows: 2/3 x 8 hours' overtime = 8 regular hours = 1 day off.

3.4. The agreed wages shall increase by 1,55% on March 1, 2021 and by 1,25% on March 1, 2022.

The Salary Scheme is attached to this Agreement and shall be considered an integral part

hereof.

3.5. The overtime scheme does not apply to chief engineers.

3.6. Relieve: When engineers cover higher-ranking positions, they shall be entitled to any wages and time off corresponding to said position.

3.7. When engineers are transferred between vessels, they shall receive wages during any waiting period.

3.8. Engineers are entitled to receive wages earned by the 1 of the following month, at the latest.

If wages are paid after the 10 of the month, 1.5% shall be added to the wages. Subsequently, 1.5% shall be added for each additional month for any unpaid wages.

3.9. Engineering crew wages are determined by the attached Salary Scheme.

3.10. For service on vessels in classes 1, 2 and 3 sole engineers shall receive the following monthly compensations in lieu of overtime:

	March 1, 2023
Class 1	DKK 1,754
Class 2	DKK 1,983

	March 1, 2024
Class 1	DKK 1,825
Class 2	DKK 1,983

The above compensations shall increase by the same percentage point as the Salary Scheme.

3.11. Seniority is calculated from the date of commencement to the date of notice from the shipping company. However, seniority, which one has accrued in the shipping company, will be factored in, if the concerned party has left the shipping company due to no grounds of their own, or education and similar activities.

3.12. Engineering crews are entitled to a holiday supplement, in accordance with Art. 11.1 of Act 30, dated April 7, 1986, enacted by the Løgting, on paid holidays, with subsequent amendments.

4. Pension Scheme

4.1. The shipping company pays in early retirement pension, 12,50%. Early retirement pension shall be 13% after 1 June 2021.

Pension contributions shall be calculated based on the basic wages stipulated in the Salary Scheme in addition to any compensation mentioned in Art. 2.3 in the Special Agreement for Offshore Activities (multipurpose standby, supply and anchor-handling vessels).

Pension scheme contributions shall be transferred at the same time as wages are paid.

4.2. Foreigners, who pursuant to art. 1. sa. 5. in the early retirement pension Act, are exempt from paying to a Faroese pension scheme, and Faroese persons, who have reached the age of retirement shall instead receive the amount, which was to be transferred as an early retirement pension payment, paid as wages. Before the amount is paid, payments, which are to be paid simultaneously as the wages, are deducted from the amount concurrently, so that the expense of the employer remains unaltered.

5. Holidays

5.1. Engineering crews are entitled to 30 days off with full wages for every 30 days on board. This time off includes any holidays provided for in Act 30, dated April 7, 1986, enacted by the Løgting, on paid holidays, with subsequent amendments.

5.2. When taking their holidays, engineers are entitled to at least 25 consecutive days off for every 30 days on board, before signing on. Any remaining time off may be exchanged for pay in accordance with the Agreement in force.

5.3. Sundays and non-working days shall be included when calculating holidays.

5.4. Engineers who have spent 3 consecutive months serving the same shipping company and have not visited the Faroes during this period are entitled to have their travel home paid by the shipping company, if they wish to take their holiday in the Faroes.

5.5. Shipping companies shall schedule time off in such a way that after 10 weeks signed on engineers are entitled to free transport and holidays pursuant to Art. 5.1, with the same fixed monthly wages as while signed on. Shipping companies are not liable for any expenses accruing from more frequent changes.

Holidays not used may be saved for subsequent time off in lieu of pay, in accordance with the Agreement in force. Accrued holidays may be exchanged for pay, provided that both the engineering crew and the shipping company agree to this.

Shipping companies and engineering crews may agree to offset up to 10 days against upcoming days off, if it was not possible to ship out again on time.

5.6. Travel days beyond the 1 day of travel shall be calculated as 0 days. This means that wages are paid for the day, however no time off is accrued.

5.7. Time off may also be used during periods of inactivity (unemployment), provided the shipping company has given prior notice to this effect.

5.8. The first day off is the day after seafarers return to their home country. The last day off is the day before they leave their home country.

5.9. Shipping companies shall foot any travel expenses for relief engineers.

5.10. If time off, which is organised in accordance with article 5 of this agreement, is changed, the shipping company must notify the engineer without undue delay.

5.11. Chief engineers shall not stand watch while a vessel is in port, provided the engineering crew is made up of two or more members in addition to the chief engineer.

5.12. For periods signed on exceeding 10 weeks, engineers shall be entitled to 1/2 day off per day for the first 14 days and 1 day off per day for the following days.

6. Illness and Accidents

6.1. Signing off due to illness or accident is referred to under the law on the employment conditions of seafarers.

6.2. When seafarers are on sick leave, seafarers accrue and spend days-off, as if the party concerned was at work.

6.3. Bereavement compensation: If an engineer dies while in employment, his spouse or children under 18, for whose maintenance he was responsible, are entitled to bereavement compensation for up to 3 months. If the deceased was employed by the shipping company for 5 years as an officer, they are entitled to bereavement compensation for up to 4 months. Any time off accrued shall be considered in addition to the above.

6.4. Concerning rights in connection with maternity/paternity leave, please refer to the Act regarding maternity/paternity leave.

7. General Provisions

7.1. On board vessels with more than 1 engineer, the engineering crew shall have the following titles:

- Chief engineer
- 1st engineer
- 2nd engineer
- 3rd engineer and so on
- Junior engineer
- Marine electrician

7.2. An engineer's certificate of competency entitles its holder to sign on as junior engineer.

7.3. In the event that there are fewer engineers on board than stipulated by law, or if an

engineer leaves during an expedition, the wages of the missing engineer shall be distributed in accordance with Art. 23 of the Seafarer's Act.

7.4. The wages of the missing engineer shall be divided among the remaining engineers for the duration of the watch rotation at sea.

7.5. The shipping company shall provide fresh bed linen and towels. Berth bed linen shall be changed every two weeks and towels every week.

7.6. When working until or beyond midnight, anyone working is entitled to an extra meal at midnight, open sandwiches and coffee. These shall be ordered before 6 pm, whenever possible.

7.7. Shipping companies shall ensure that the mess, chambers and other areas are kept clean, if there is crew available for this.

8. Maintenance

8.1. During service on board while the vessel is at home and meals are not provided, engineers shall receive DKK 110.00 per day.

When meals are not provided during service away from home, engineers shall receive the official daily allowance stipulated for official trips to Denmark, currently DKK 360.00.

8.2. If it is required of an engineer to work or supervise on board while not signed on, while the vessel is away from home, the shipping company shall cover all accommodation and maintenance expenses in agreement with said engineer.

If no other agreement has been reached, the provisions regulating working hours, wages and time off when signing on apply.

9. Membership Fees

9.1. Shipping companies shall pay Maskinmeistarafelagið membership fees on behalf of engineering crews. They shall pay the percentage rate applicable at any time; currently it is 1% of the total wages paid.

9.2. The parties agree that it is in their shared interest that seafarers and shipping companies organize in a trade union and employers' union, respectively.

As needed, the parties shall disseminate information about the benefits of joining a union. Furthermore, the parties shall strive to guarantee compliance with the Agreement.

10. Insurance

10.1. When shipping companies pay engineering crews' travel expenses, they shall also pay for insuring their luggage.

10.2. In the event of shipwreck or other damage, such as fire, the shipping company's

insurance shall compensate for loss of personal property in accordance with Article 42.1 of the Seafarer's Act.

11. Intoxication

11.1. Intoxication at work or during travel to the vessel may lead to dismissal.

12. Continuing Education

12.1. Engineers have a duty to, by instruction from the shipping company, spend up to 5 calendar days of their holidays on courses in each calendar year. All additional days off spent shall entitle engineers to one day off. If a shipping company fails to give notice before December 1, it shall not be possible to use any days off for courses in that calendar year.

12.2. Supervision related to building activities, meetings with the shipping company and similar activities, which cannot directly be considered education or training courses, are not covered by this provision.

12.3. If engineers fail to request permission from the shipping company by the end of the year to use any days not spent (out of said 5 days) for relevant educational purposes in the following calendar year, they forfeit the entitlement to spend them on educational activities, but shall retain them as days off.

12.4. Engineers shall agree the use of any unused days as mentioned in 12.3. Said days shall be used before the end of the following calendar year.

12.5. Shipping companies shall pay for any course fees. Shipping companies shall also pay any travel, accommodation or board expenses, either by agreement or by submission of invoices.

12.6. Should shipping companies want engineers to spend more than 5 days on courses, the following rules apply:

- Courses lasting more than a week, Saturdays and Sundays shall not be deducted from holidays.
- Courses lasting more than 4 consecutive weeks: If, after 4 weeks, the course runs the first 4 days of the week, day 5 shall not be deducted from holidays.

13. System for officers without the necessary sailing experience

The provisions of the Main Agreement apply to officers without the necessary sailing experience, however, they are subject to the specific provisions stipulated in this article.

13.1. The time signed on system is 2:1, meaning that for every 30 days on board officers get 15 days off. The parties may agree to apply a different system.

13.2. Shipping companies shall schedule time off so that after 3 months signed on officers are entitled to free transport and holidays pursuant to Art. 13.1, with the same fixed monthly wages as while signed on. Shipping companies are not liable for any expenses accruing from more frequent changes.

13.3. Wages are stipulated in the Salary Scheme under the 2:1 system. If the parties agree to use a different system, salaries should be adapted accordingly. Henceforth, the amount will rise by the same percentage points as the Salary Scheme.

13.4. The period of notice for anyone employed pursuant to this article is 1 month's notice from the shipping company and half a month's notice from the officer.

13.5. Officers are entitled to training in all relevant aspects on board, shipping companies shall facilitate such training.

13.6. The terms of employment in this article as a main only apply until officers have accrued sufficient sailing experience for their first license, STCW III/1 for engineers and STCW II/1 for mates.

However, it is possible to extend this employment where the same stipulations are to be valid, until the concerned engineer has accrued sufficient sailing experience for the STCW III/3 licence. The wages will subsequently be adjusted pursuant to the salaries scheme.

Any officers who continue their employment without any such agreement, shall be considered re-employed under the terms and conditions and wages stipulated in the general provisions of the Main Agreement. The same is valid, when a possible agreement regarding an extended employment expires.

14. Vocational Training for SIT students

Reiðarafelagið participates in a scheme offering training on merchant vessels to students enrolled on Faroese Initial Vocational Training in Technology courses (*Støðisútbúgving innan Tøkni SIT*). This scheme shall be rolled out when the authorities have set up the necessary framework.

15.

The parties recognize the social benefit of including trainees in the crew, provided that this does not affect the regular size of the crew.

16. Work Clothes

Shipping companies shall buy work clothes for engineers.

17. Leave

Engineers may be granted leave when it is not in conflict with the shipping company's interests. For educational leave in the shipping company's interest, agreements may be reached regarding time off on reduced wages. Leave may be granted for 1 year at a time.

18. Chief Engineers

Chief engineers may be exempted from this Agreement, if both parties agree to this and provided that the chief engineer himself confirms it to Maskinmeistarafelagið.

19. Special Agreements

19.1. Maskinmeistarafelagið and Reiðarafelagið fyrri Handilsskip agree that engineers may enter special agreements directly with the shipping company.

19.2. The following preconditions apply to such special agreements:

- a) That the basic principles are the same as in the Main Agreement.
- b) That when all its particulars are taken into consideration, the agreement is, overall, not worse than the Main Agreement.
- c) That, notwithstanding any special agreement, members still have a duty to pay the membership fees applicable at any given time to Maskinmeistarafelagið.
- d) That the termination of such an agreement follows the Main Agreement.
- e) When individual agreements are entered between seafarers and shipping companies, said agreements are up for negotiation in the same years as collective bargaining takes place. They should be negotiated within 6 months of completion of collective bargaining.

In addition to updating the individual agreement itself, talks shall include an assessment of seafarers' competences and potential for future development. In the case of seafarers over the age of 60, any possible adaptations of the terms and conditions of employment shall also be discussed.

f) If seafarers wish to consult with their trade union regarding the agreement or any changes to it, they shall have the opportunity to do so. The trade union is bound by professional secrecy regarding all particulars of the agreement.

20. Conciliation and Interpretation of this Agreement

20.1. If this Agreement has been terminated and the parties fail to agree, or one of the parties declines to negotiate, it shall be referred to the conciliation law (law nr. 39 dating from 13 May 2013).

20.2. Any disputes regarding the interpretation of this Agreement shall be referred to the Faroese Permanent Court of Arbitration (Fastið Gerðarrætturin).

21. Validity and Notice

21.1. This Agreement shall not amend any existing salary schemes, if they are better than the provisions in this Agreement.

21.2. This Agreement enters into force on March 1, 2023, and may be terminated by either party with 3 months' written notice by a March 1, however, by March 1, 2025, at the earliest.

Tórshavn, February 17, 2023,

Maskinmeistarafelagið

Reiðarafelagið fyri Handilsskip

Minutes

The parties agree, that if shipowning business within aqua culture and wind energy is taken up inside the Faroese area, then the parties ought to negotiate an agreement for this area, in order to have an agreement before work commences.

Tórshavn, February 24, 2021