

SPECIAL TERMS AGREEMENT
between
Framsýn and Thingidn unions
and
the Confederation of Icelandic Employers (SA) on behalf of PCC BakkiSilicon hf.

Article 1

This Agreement applies to members of Framsýn and Thingidn unions who work in production and maintenance in the PCC plant in Bakki.

Upon hiring, a written employment contract shall be made with the employee, based on this agreement and SA and Framsýn's Collective Agreement on account of production operators and SA and Thingidn's Collective Agreement on account of tradesmen.

Article 2

Monthly wages

Production Operators

Wages for production operators are determined by a wage table which is attached to this agreement.

Tradesmen

Wages for tradesmen are determined by a wage table which is attached to this agreement.

Changes in wages

Monthly Salary for day work shall as a minimum increase in accordance with the general pay rise which has been negotiated in SA and Framsýn / Thingidn's Collective Agreement.

Article 3

Work Hours

Active working hours are 37 hours and 5 minutes on average per week, or 160 hours and 40 minutes per average month. Paid hours with refreshment breaks are on average 40 per week or 173.33 hours per average month.

From 1 October 2020 active work hours will be 36 on average per week (156 hours per average month) without a decrease in fixed monthly salary. Paid hours with refreshment breaks are on average 39 per week or 169 hours per average month. Cf. the protocol on the execution of reduced working hours.

Active work hours are the period when an employee is working. Daily presence in the workplace includes active work hours and breaks from work.

Article 4

Shift work

When employees work on shifts, each shift should last 8-12 hours. A shift schedule shall be available for at least the next four weeks.

Shift premium for regular shift work shall be:

30% differential for the period 16:00-24:00 Monday-Friday,

55% differential on Saturdays and Sundays,

60% differential for the period 00:00-08:00 hours, all days.

Overtime pay is paid for work on public holidays and major holiday pay on major holidays. Moreover, the employee retains daytime wages according to the shift plan, without a shift premium.

The average shift premium for production operators for shifts all calendar days of the year is 45%, cf. Article 20.4.4.

Explanation: Should employees work all calendar days of the year on shifts, cf. Article 20.4.4 in SA and Framsýn's Collective Agreement, the average shift premium of 45% shall be applied. This average shift premium includes the surcharge for work on public holidays and major holidays. Negotiating shifts of 8-12 hours is permissible, for instance a combination of 8 and 12 hour shifts.

Overtime pay is paid for work in excess of 40 hours average per week (173.33 hours average per month).

Explanation: The present 12-hour shift system includes 14 shifts in a 4-week-period, a total of 168 hours. Overtime for every four weeks is therefore 8 hours or 8.67 hours per month.

Special payment for work on major holidays

PCC will during the period of contract pay a special surcharge of 530 ISK per hour for the production operators on shifts 24/7, who work on Good Friday, Easter Day, Christmas Eve from 12:00-24:00, Christmas Day from 00:00-24:00, New Year's Eve from 12:00-24:00 and New Year's Day from 00:00-24:00. The surcharge increases by 2.5% every year: 1 April 2020 (543 ISK), 1 January 2021 (557 ISK), 1 January 2022 (571 ISK),

The surcharge is calculated with reference to the fact that shift premium for work on public holidays and major holidays is already included in the average shift premium in accordance with the Collective Agreement.

Article 5

Refreshment breaks

Refreshment breaks are a total of 35 minutes per day, on 8-hour workdays / shifts and are counted as working time. If the employee works on longer shifts, or works overtime, refreshment breaks shall be equivalent to 5 minutes for each hour worked. Refreshment breaks are flexible and shall be taken when it suits the operation. If an employee does not get his/her negotiated refreshment break because of a superior's request, overtime shall be paid accordingly.

Explanation: Paid refreshment breaks in shiftwork are 35-minutes on an 8-hour shift, and 55 minutes on a 12-hour shift. Daytime workers shall get paid refreshment breaks of the same length as shift workers. This applies both to weekdays and weekends.

Article 6

The distributive numeral of wages for daytime and overtime work

The hourly pay for day work is found by dividing the monthly pay by 173.33. As of 1 October 2020 the distributive numeral is 169.

The hourly overtime pay is 1.0385% of the monthly salary for day work and the hourly major holiday pay is 1.375% of the monthly salary for day work.

Article 7

Vacation and December wage supplements

Vacation supplement

In the middle of May each year, an employee who is currently working and has worked full time for the company for a whole holiday-reference year or longer, shall receive a full vacation supplement, or a percentage of it relative to the period of service to May 1st.

Vacation supplement from 1 May 2019:	ISK 126,000 (76,000 already paid)
Vacation supplement from 1 May 2020:	ISK 160,000
Vacation supplement from 1 May 2021:	ISK 180,000
Vacation supplement from 1 May 2022:	ISK 200,000

An employee, who stops working during the year because of age or after at least 4 continuous months of work during the holiday-reference year, shall, upon termination of work, be paid a holiday supplement, based on work hours and employment ratio worked during the year.

December supplement

In the middle of December each year, an employee who is currently working and has worked continuously full time for the company the whole year, shall receive a full December supplement, or a percentage of it relative to the period of service to December 1st.

The December supplement in 2019:	140,000 ISK
The December supplement in 2020:	160,000 ISK

The December supplement in 2021: 180,000 ISK

The December supplement in 2022: 200,000 ISK

An employee, who stops working during the year because of age or after at least 4 continuous months of work during the year, shall, upon termination of work, be paid a December supplement, based on work hours and employment ratio during the year.

Article 8

Competence supplement

The employee's base pay relies on two factors: period of employment and competence. While wage increases based on period of employment are part of the wage table attached to this agreement, an employee can request further increases by fulfilling certain competence requirements.

Eligibility for competence supplement is based on the assumption that an employee can realistically reach Competence Stage 1 after 1-3 years of work and Competence Stage 2 after 2-5 years of work. Competence Rating is first performed after one year of work, so it is not possible to get a competence supplement earlier than that. Competence Stage 1 leads to a 2.5% supplement on base pay and Competence Stage 2 leads to a 5% supplement on base pay.

Factors for increases based on a competence rating can include general competence and certification, for instance a machine operating license and that compulsory courses in the learning management system have been completed. Also, targets have been set on the number of workstations that the employee has been trained to work on in order to be eligible for the supplement.

The parties are in agreement that prerequisites for further specifications on criteria for competence supplements are limited at this stage. Therefore, explicit criteria is only available on competence stages that open after one year of work. Parties to this agreement have appointed a committee to develop new competence stages, cf. the protocol attached to this agreement, and work on Competence Stage 2 shall be finished in the spring of 2020. The committee is also assigned the role to review and suggest a solution if unforeseen problems come up during the development and implementation of the competence stage system.

When criteria is chosen, the committee should aim for fairness and motivation. The purpose of the system is to encourage employees and management to emphasize training and work development and react against stagnation and monotony. It is in everybody's interest that the system delivers real benefits for the employees. PCC BakkiSilicon's administration considers that the benefit for the company will be downright reflected in improved versatility and a better overview for the employees.

Article 9

Performance pay / Incentive scheme

A part of the wages of production operators and tradesmen is connected to performance according to a system which is meant to encourage all employees to reach set aims, including those on employee safety and product quantity and quality for the customer. Going forward, metrics and criteria on performance will change.

The performance pay part of salary will be calculated on a monthly basis and it is paid out with other wages. The incentive payment is the same percentage of wages for all salaried employees who work under the agreement and the amount is based on average performance in the previous month: the same period that overtime pay is based on. The incentive payment is added to base pay, shift premium and overtime.

Parties to this agreement concur that it is important that the incentive payment naturally fluctuates and it is normal that it may oscillate below or above the average percentage that has been determined. When metrics and criteria for the next 12 months have been chosen, it is to be expected that the percentage may gradually rise during that period.

The parties emphasize that metrics shall be chosen that have direct effects on the overall performance of the company and work as guidelines for highlights and behavior that support better performance. The overall incentive compensation shall be based on the outcome of some measurements. Possible metrics include:

- Housekeeping and safety (according to audits and/or other measurements)
- Damages to equipment
- The treatment and input of raw materials
- Success in overlapping
- Tapped quantity and timely tapping
- The condition and care of necessary tools and equipment
- The number of open and completed repair work orders
- Performance in the crushing and packaging of finished goods and by-products
- Accuracy - the proportion of metal that drops down in grade, that is, packed finished goods are lower quality than the metal tapped.

This list is not complete but it provides an overview of the kind of factors that the employees may be expected to focus on. Upon review of metrics and criteria for a new period, it is to be expected that metrics that have been extraordinary high or low in the previous periods are focused on. The company's policy and aims for quality improvement for the upcoming period shall always be available when new suggestions for metrics and criteria are being composed.

Each of the parties to this agreement shall nominate two representatives in the Incentive Committee which presents proposals to the board of management on metrics and performance targets for the upcoming period (for instance the next year). The committee shall also monitor whether the system returns a benefit for both the employees and the company. Should the performance be deficient, the committee shall present suggestions for corrective action to the board of management.

Temporary provisions

Both PCC and employees aim for an average bonus on the yearly basis to be around 8%. However, all parties agree that the current situation (June 2019) is so unpredictable that it is not realistic to implement an active incentive system at this moment in time. Therefore, PCC will instead pay the equivalent of an 8% incentive compensation on base pay, shift premium and overtime until the time comes that it can be assumed that an active incentive system can be implemented. Having received recommendations from the Incentive Committee, PCC's board of management makes a decision on metrics and criteria and the parties to this agreement are in unison that when measurements for at least three months indicate that an active incentive system can replace the temporary equivalent, the committee can reach a consensus that the new system shall be implemented.

Article 10

Meals

Employees have the option of a hot meal at noontime at cost price (as determined by the Commissioner of the Inland Revenue, which is now 521 ISK). During evening and night shifts, light meals are made available for employees at no cost.

Article 11

Preparation and finishing payments

PCC pays 1,400 ISK for each shift/workday that an employee is at work for a clothes change in the workplace (general work clothes and PPE), necessary finishing at the end of a shift, etc. This provision is based on the criteria that the shift change of the day takes no longer than 9 minutes. The employee is expected to be ready to start work in her/his workstation at the beginning of a shift/workday and the company can cancel the payment in case of non-compliances. The amount is a fixed figure, independent from wage changes. It will increase on 1 January 2021 to become 1,500 ISK.

Article 12

Vacation

Minimum vacation entitlement shall be 24 weekdays and vacation pay shall be 10.17% of the salary.

After 2 years at PCC: 26 weekdays and vacation pay 11.11%

After 5 years at PCC: 28 weekdays and vacation pay 12.07%

After 10 years at PCC: 30 weekdays and vacation pay 13.04%

Should an employee have work experience that directly benefits her/his work at PCC, it is permissible to evaluate that experience for up to two years' working experience at PCC. An evaluation of work experience will be performed after three months of working for PCC.

Rights to vacation / vacation pay is determined from the commencement of the new vacation year after the above period of service has been reached.

Article 13

13.1. Entitlement to wages in the event of illness and accidents.

For each 12-month period, an employee shall keep his wages for absences due to sickness and accidents as follows:

In the first work year at PCC: 2 days per worked month

After 1 work year at PCC: 2 months

After 3 work years at PCC: 3 months

After 5 work years at PCC: 4 months

After 10 work years at PCC: 6 months

During absences an employee keeps her/his monthly wages in accordance with Article 2, in addition to shift premiums if applicable. Moreover, fixed overtime pay and the average incentive compensation are paid, for a period up to three months.

13.2. Work-related accidents

If the employee is unable to work because of an incident related to his/her executed work or s/he becomes ill for reasons that can be traced to his/her work (occupational disease), s/he shall retain regular salary for up to 12 months. It is a prerequisite for the company's obligation to pay that the employee has not been found guilty of gross negligence of PCC's safety rules when the accident took place.

(This means the right to gross pay on account of an accident at work or an occupational disease. The stipulation guarantees the employee who becomes incapable of working because of an accident or occupational disease gross pay for up to 12 months from an accident or getting ill. This replaces in full the stipulation of the Collective Agreement on the right to wages on account of an accident at work or an occupational disease.)

Article 14

Safety, health and shop steward facilities

All work clothes and personal protective equipment (PPT) are provided for employees without a charge. Employees are obligated at all times to use the protective clothing and equipment provided.

The employees will undergo periodic health reviews to confirm that they are fit for work without doing harm to themselves and others. The health review includes, among other things, a test for alcohol and drugs. The health review is conducted free of charge for the employee.

The workplace is smoke-free and drug-free. PCC will take appropriate measures to ensure that employees are not under the influence of alcohol and drugs in the workplace.

The health review is conducted by the company doctor or another authorized medical expert and the review and the processing of data will be in accordance with the Act No.77/2000 on the Protection of Privacy as regards the Processing of Personal Data.

Each shop steward shall have a locked cabinet for necessary data, and telephone access.

Article 15

Staff Meetings

In case the employer requires all employees or a specified group, for instance the employees of a shift or shifts, to attend an announced staff meeting, the employees shall be paid while attending the meeting as long as the formal agenda is on. If attendance is not mandatory, the employees are not paid for attending the meeting.

The employee shall be paid a minimum of two hours in overtime for attending a meeting called by the employer, unless the meeting is held in direct relation to the beginning or the end of the employee's workday / shift. In that case, attendance is paid as if work was continuous.

Article 16

This Special Terms Agreement shall enter into force on 1 February 2019. It is part of the Collective Agreements between the parties and has the same period of validity as they do. As for stipulations that are not covered in this agreement on wages and conditions of employment, the provisions of the Collective Agreement between SA and Framsýn/Thingidn apply.

The employees covered by this agreement shall vote on it in a common voting.

Reykjavík, 5 June 2019

On behalf of Framsýn union
with reservation cf. Act 80/1938

On behalf of SA,
representing PCC BakkiSilicon hf.
provisionally.

On behalf of Thingidn
with reservation cf. Act 80/1938

PROTOCOLS

Protocol on vocational training

PCC emphasizes that the workplace is a learning place and that employees can constantly improve their competence and knowledge. The company will, in collaboration with the staff representatives, ensure that employees are informed about vocational training opportunities in the new pay system.

A new committee will be established with PCC and staff representatives, which will develop work-related studies within the company for tradesmen and production operators in co-operation with the unions. The committee's purpose will be to increase the making of capital goods and enhance PCC's competitive position, amplify job satisfaction and to make the workplace more attractive. The aims include deepening the employees' knowledge of the production process and increasing their self-confidence and independence at work.

Protocol - period of employment and competence rating ladder

The period of employment and competence rating ladder will be developed further during the period of contract. While this agreement stipulates wage increases based on period of employment up to 5 years and two competence stages, parties to it aim to increase the number of these periods of employment and competence stages upon the renewal of this agreement.

The experience gained by the usage of competence stages and the definition of competence builds a necessary foundation for further development of the ladder. At the present stage it is considered appropriate to define two competence stages and periods of employment up to 5 years, which is determined by the period of validity of this agreement and the longest period of employment for the current employees.

On the implementation of Holiday Time

Holiday entitlement shall be according to the Holiday Leave Act and Collective Agreement stipulations.

Vested holiday rights according to collective agreements are converted to vacation hours as shown below, based on a full-time job, 40 hours per week:

24 days of holiday equal 192 holiday hours (8 x 24)

26 days of holiday equal 208 holiday hours (8 x 26)

28 days of holiday equal 224 holiday hours (8 x 28)

30 days of holiday equal 240 holiday hours (8 x 30)

As of 1 October 2020, every day counts as 7.8 hours when vacation hours are calculated.

Vacation pay regarding overtime and fluctuating payments is deposited into the employee's vacation bank account. This applies both to vacation pay regarding fixed overtime according

to the work plan and vacation pay for occasional overtime. Therefore, during an employee's vacation leave, fixed daytime work salary is paid, with a shift premium for shift workers, but no fixed overtime.

On the execution of reduced working hours

According to the Collective Agreement, the active work time will be shortened on 1 October 2020 from 37 hours and 5 minutes a week to 36 hours on the average per week, or 156 hours per average month without a cut in the employee's wages. Shorter working time will not lead to changes in the shift system, the number of day work and overtime hours or monthly salary.

The working time hours cut for shift workers will be achieved in such a way that an employee gets vacation hours that equal entire shifts. Parties have agreed that the working time hours cut in the 12-hour shift system equal four 12-hour shifts based on a full-time position for one year. The employee retains her/his daytime wages with a shift premium, but without overtime pay.

As for day work employees the shortened working hours can be implemented with a shorter working week, a monthly cut or any other arrangement that can be negotiated with employees. Based on a full-time job over one whole year, parties have agreed that the working time cut amounts to six days on daytime rates, without overtime pay (or four working days in case of a 10-hour workday).

Watches below / days off because of the cut in working hours shall be taken within 14 months of the accumulation day. Unused watches below / days off shall be settled at job termination.

On the execution of illness rights

The right to sick leave is a total right for each 12-month period without regard to the type of illness. Upon utilization, the last 12 months that the employee has been on the payroll, are considered. Illness rights are collected over a period and paid days correspond to the employee's work duty in that period. If absence in case of illness is intermittent, the employee's work duty is likewise considered. For an employee working on 12-hour shifts, it is for example estimated that the person works 15.2 shifts per month. An employee with collected illness rights for two months, is thus entitled to wages for 30.4 shifts in a 12-month period (based on rights to fixed wages).

Priority Protocol

The Collective Agreement between SA and Framsýn and Thingidn unions stipulates that members of these unions have a priority for positions in their area. Members to this agreement iterate that these stipulations apply to hiring for positions at PCC.

PCC's Statement regarding Office Personnel

The terms for office personnel are in accordance with the Collective Agreement between SA and LÍV (The Commercial Federation of Iceland), which Framsýn is party to, and employment contracts.

Protocol

In cases where PCC temporarily outsources jobs that are covered by this agreement, the company shall report the arrangement to the unions.

Protocol

As some of the plant's operations are still being developed, each of the parties is permitted to request a review of certain stipulations of the agreement during the period of contract. The review is contingent upon the agreement of both parties.

Wage Table - valid from 1 April 2019

Production Operators

	Start	After 1 yr.	After 3 yrs.	After 5 yrs.
Base pay per month	317,681	336,742	346,272	354,959

Tradesmen, hired on the foundation of their certification to work in their trade

	Start	After 1 yr.	After 3 yrs.	After 5 yrs.
Base pay per month	418,959	444,096	456,665	465,044

Tradesmen with a journeyman's diploma or trade education that PCC considers comparable, hired to work in their trade

	Start	After 1 yr.	After 3 yrs.	After 5 yrs.
Base pay per month	447,432	474,277	487,700	496,649

Monthly rate of pay for production operators will increase in the period of contract in the same way as those in SA and Framsýn collective agreement wage table.

Monthly rate of pay for tradesmen will increase in the same way as the maximum rate for tradesmen with a journeyman's diploma (without master craftsman's qualifications) in the wage table of the SA and Thingidn's Collective Agreement.