

Agreement

between

Føroya Skipara- og Navigatørfelag FSN

(The Faroese Union of Shipmasters and Navigators)

and

Reiðarafelagið fyri Farmaskip (RFF)

(The Faroese Association of Cargo Vessel Owners)

2015

Main Agreement

1. Scope of the Agreement

1.1 This Agreement only applies to members of Føroya Skipara- og Navigatørfelag and Reiðarafelagið fyri Farmaskip.

1.2 This Agreement does not apply to vessels in the offshore industry; nevertheless, the special terms of such an agreement shall be based on this Agreement.

2. Employment

2.1 Masters and mates are employed in accordance with the applicable statutory provisions, as well as the terms set forth in this Agreement. Employees shall receive a copy of the employment contract duly signed by the employer.

2.2 This Agreement shall not amend existing pay and holiday arrangements or any other terms and conditions of employment for any member of FSN in the event that these arrangements, terms or conditions are better than the provisions herein.

3. Illness, Accidents and Bereavement Compensation

3.1 If the master/mate has to sign off due to ill health or accident for which the shipping company is liable in accordance with the Seafarers' Act (Parliamentary Act on Seafarers', No. 4, dated January, 15, 1988 with subsequent amendments) any such person is entitled to their wages and sick leave pursuant to Art. 2.

3.2 Sick leave is paid as stated below:

Less than 5 years' employment period 3 months

After 5 years' employment period 4 months

After 7 years' employment period 5 months

After 10 years' employment period 6 months

3.3 If master or mate die 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. After 7 years, 6 months and after 10 years, 6 months. Any time off accrued shall be considered in addition to the above

4. Insurance of Personal Property

In the event of shipwreck or other damage, such as fire, the shipping company's insurance shall compensate the master/mate for loss of personal property in accordance with the Seafarer's Act in force.

5. Period of Notice

5.1 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. Masters/mates shall give 1 month's notice to the last day of a month. The compensation stipulated in Article 41 of the Seafarers' Act may be set off against this period of notice.

Notwithstanding any other provisions, seafarers who have already acquired rights in accordance with Art. 41 of the Seafarers' Act shall not lose these rights. These seafarers were hired in 2001, 1998 or 1995.

5.2 If a shipping company terminates the employment of a master or mate while abroad, the shipping company shall pay for his travel home. If the period of notice ends before he returns home, and provided that he has not failed to comply with the contract of

service, 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 contract of service.

5.3 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 masters/mates, who have been in a shipping company's service for more than 1 year, does not commence before the vessel or master/mate has returned home.

5.4 Masters and mates are bound to sign on to any vessel as decided by the company, and to be transferred from one vessel to another.

5.5 When masters or mates 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 Art. 5.1.

5.6 Masters or mates who leave 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.

5.7 Should the provisions in 5.4 or 5.5 generate any travel expenses to and from a vessel, the shipping company shall pay for any such expenses.

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

5.9 The use of intoxicants while working or in transit to the vessel may result in immediate dismissal and the forfeiture of any wage demands.

5.10 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.

6. Professional Secrecy

A master and a mate are bound to secrecy regarding all matters concerning the shipping company, such as freightage, consignor, consignee and other particulars. Breach of secrecy may result in a notice of discharge.

7. Partners

7.1 Once masters and mates 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.

7.2 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.

7.3 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.

8. Working Hours

8.1 The fixed monthly wages for masters and mates is based on 11 working hours in 24 hours.

8.2 Working hours are arranged by the master.

8.3 During loading and offloading one navigator shall always be on duty.

8.4 If masters or mates for some reason have to participate in work on land (unloading/loading, fastening/unfastening, driving a forklift or similar activities), they shall receive pay pursuant to Article 10.1

9. Days off and Holidays

9.1 Masters and mates are entitled to 30 days off for every 30 days on board. This time off include any holidays provided for in Act 30, dated April 7, 1986, enacted by the Løgting, on paid holidays, with subsequent amendments.

9.2 Masters and mates are entitled to 26 continuous days off per 30 days signing on.

9.3 Masters and mates are entitled to days off in lieu of holidays, which have not been taken. In agreement with the shipping company any unspent holidays may be exchanged for pay.

9.4 If the number of days off pursuant to the Act on Paid Holidays amended, then the change shall converted into the number of days off per 30 working days and added to or subtracted from the total number of days off. Days off are calculated as:

Days off = + - number of days off/ (average number of days signed on per year) x 30

9.5 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. 9.1, with the same fixed monthly wages as while signed on. Shipping companies are not liable for any expenses accruing from more frequent changes.

9.6 Travel days in addition to the first day of travel count as 0 days. This means that wages are paid for that day; however, no days off are accrued.

9.7 When sailing in Faroese waters the period signed on may as per agreement with the shipping company.

9.8 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.

9.9 Holidays shall be agreed between master/mate and the shipping company no later than 20 days before the intended signing off date.

9.10 For periods signed on exceeding 10 weeks, 1/3 day off per day is accrued during the first 14 days and 2/3 day off per day for subsequent days.

10. Overtime

10.1 For any work carried out by masters/mates exceeding 11 hours per 24 hours, overtime pay shall be calculated as follows: monthly wages/173 x 1.2. In addition, they shall receive a holiday supplement, pursuant to the Faroese Act on Paid Holidays in force, currently 1.5%.

10.1.a For vessels in categories 1, 2 and 3 refer to Art. 13.2.

10.3 Overtime earned may in consultation with the shipping company be converted into days off in the following manner: $2/3 \times 8$ overtime hours = 8 ordinary hours = 1 day off.

10.4 Accrued holiday may, in consultation with the shipping company, be paid out.

11. Continuing Education

11.1 Masters and mates, who have been in a company's service up to 2 years, are under obligation to spend up to 7 calendar days of their holidays on courses in each calendar year. After 2 years' employment, masters and mates are under obligation to, as per instruction from the shipping company, spend up to 4 calendar days of their holidays on courses in each calendar year.

Each additional day off spent shall entitle masters and mates to one day off.

For course expenses exceeding DKK 25,000 in the first two years, there shall be a system

for reimbursement in case seafarers give notice or are subject to summary dismissal, it shall, however, not exceed one month's wages. Course expenses are course fees, travel, accommodation and board.

11.2 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.

11.3 If masters or mates fail to request permission from the shipping company by the end of the year to use any days not spent (out of said 7/4 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.

11.4 Masters and mates shall agree the use of any unused days as mentioned in Art. 11.3. Said days shall be used before the end of the following calendar year.

11.5 Should shipping companies want masters or mates to spend more than 7/4 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.

12. Salary Scheme

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

12.2 Fixed monthly wages are calculated for normal working hours pursuant to Art. 8.1.

12.3 The master shall be the highest paid individual on board, receiving a wage, which shall be at least 5% higher than the second highest paid position on board.

12.4 Increments will be calculated from the date of appointment until the day of receiving notice. However, increments which have been earned with the shipping company, will be included if the person concerned has left the company on grounds for which he is not at fault, or in case of continuing education and similar activities.

12.5 Mates or masters who, through no fault or wish of their own, experience a waiting period after their holidays have ended shall receive their regular pay.

12.6 When on call, DKK 27.00 shall be paid for each hour on duty. If a mate is called in on duty, unsocial hours are paid for a minimum of 2 hours. On call duty means that mates shall meet at the place of work within no more than 20 minutes.

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

13.5. The terms of employment in this article only apply until officers have accrued sufficient sailing experience for their first license, STCW III/2 for engineers and STCW II/1 for mates. Any officers who continue their employment after this point, shall be considered re-employed under the terms and conditions and wages stipulated in the general provisions of the Main Agreement.

14. Supplements

14.1 For sailing in categories 1, 2 and 3 the following monthly compensations will be paid in lieu of overtime, if there are fewer than three officers taking watches on board the vessel:

Applicable as of March 1, 2015.

	Master	Chief Officer	First Mate
Category 1	DKK 2,580	DKK 2,356	DKK 2,131
Category 1	DKK 2,804	DKK 2,580	DKK 2,356

Applicable as of March 1, 2016.

	Master	Chief Officer	First Mate
Category 1	DKK 2,638	DKK 2,409	DKK 2,179
Category 1	DKK 2,867	DKK 2,638	DKK 2,409

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

15. Pension Scheme

15.1 Shipping companies transfer, on behalf of crews, 8% to a pension scheme approved by both parties. 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.

16. Board Wages

16.1 During service on board when the vessel is home and meals are not provided; DKK 110 shall be paid per day.

16.2 During service away from home when meals are not provided, DKK 210 shall be paid per day.

16.3 If a master/mate is unable to stay at home or on board under fitting circumstances while the vessel is undergoing repairs, suitable board shall be paid by the owner ashore.

17. Transfers between Vessels

17.1 When masters/mates are transferred between vessels, they shall receive their regular wages during any waiting period.

2. When an individual is away from home, he is entitled to full board and accommodation paid for by the shipping company.

18. Declared Areas of War

If vessels arrive in areas declared in danger of war, Føroya Skipara- og Navigatørfelag and Reiðarafelagið fyri Farmaskip shall discuss the matter immediately.

19. Relieve

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

20.

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

21. Payment of Wages

21.1 Masters and mates are entitled to receive wages earned by the 1 of the following month, at the latest

21.2 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.

22. Membership Fees

FSN and RFF agree that the shipping company shall deduct the membership fees applicable at any given time from the wages of the shipmaster and mate, and to transfer these fees to FSN upon settlement.

23. Security Fund

FSN shall notify RFF whether portions of wages are to be transferred to a security fund or not. Such notification shall also specify the percentage of the wages payable.

24. Changed Conditions and Membership

24.1 If the conditions upon which this agreement is based change considerably, one party may bring up the matter in question with the other party.

24.2 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.

25. Arbitration

25.1 Should any disagreement arise regarding the interpretation of this Agreement, the parties shall first of all try to settle the disagreement through direct negotiations.

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

24. Special Agreements

24.1 Føroya Skipara- og Navigatørfelag and Reiðarafelagið fyri Farmaskip agree that masters/mates may enter special agreements directly with the shipping company.

24.2. 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 Føroya Skipara- og Navigatørfelag.
- 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.

27. Validity and Notice

27.1. This Agreement enters into force on March 1, 2015, and may be terminated by either party with 3 months' notice by a March 1, however, by March 1, 2017, at the earliest.

Tórshavn, March 9, 2015,

Føroya Skipara- og Navigatørfelag

Reiðarafelagið fyri Farmaskip

Minutes 1

Reiðarafelagið fyri Farmaskip and Føroya Skipara- og Navigatørfelag urge both ship owners and navigators to facilitate continuing education of navigators. In order to ensure that their training is up to date through participation in relevant internal and external courses in the areas of management, technology and professional practice.

Regarding the choice of relevant supplementary training, according to Art. 22 of this Agreement between the parties, the parties may offer guidance on supplementary training within the following areas: administration, management, communication, IT, financial/legal issues, languages, working environment and technical courses. In addition to courses offered by the Danish Maritime Authority and AMU.

Tórshavn March 18, 1999,

Føroya Skipara- og Navigatørfelag

and

Reiðarafelagið fyri Farmaskip