

GENERAL AGREEMENT OF THE CONSTRUCTION INDUSTRY

This general agreement is a collective agreement of the construction industry according to Section 18, Paragraph two of the Labour Law and is concluded between the employers whose goods turnover or the volume of services comply with the requirements of Section 18, Paragraph four of the Labour Law (hereinafter - Employers), from one part, and

Latvian Builders Trade union, registration number: 40008043826, registered office: Bruņinieku Street 29/31, Riga, LV-1001, Latvia (hereinafter referred to as the Trade union), which is a member of the association, which unites the largest number of employees in the country - Free Trade Union Confederation of Latvia which based on the Articles of association is represented by its Chairman Jevgeņijs Servuts, from the other part, hereinafter collectively referred to as the Parties,

recognizing that:

- (1) the construction industry with the contribution of over one milliard *euros* to the economy of Latvia is one of the most important sectors of our national economy;
- (2) construction is a national business sector in Latvia where local entrepreneurs successfully compete with foreign companies;
- (3) the construction industry has enormous potential for development and its use depends on significant decisions and reforms made by employers and employees in the sector itself, thus yielding benefit for both construction employees and construction entrepreneurs;
- (4) only by cooperation can we ensure the stable, efficient operation of the construction industry, the development of the sector and the social protection of the employees working in the sector;
- (5) only by jointed forces we can eradicate the "grey" economy, preserve existing professionals and attract new skilled employees, create common decent working conditions for all participants of the industry.

HAVE CONCLUDED THE GENERAL AGREEMENT OF THE CONSTRUCTION INDUSTRY:

Chapter 1

General Provisions

- 1.1. The General Agreement shall be binding on all employers - natural or legal persons or legal partnerships, which, based on an employment contract, employ at least one employee who performs the commercial activities in the construction industry within the territory of the Republic of Latvia, regardless of whether the employer has registered or has not registered the type of activity.
- 1.2. The commercial activity in the construction industry shall comprise the activities which have been included in Section F, Chapter 41, 42 and 43 of REGULATION (EC) No 1893/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains.

- 1.3. The General Agreement applies to those employees (hereinafter - Construction employees) employed within the territory of the Republic of Latvia by the employers specified in Clause 1.1 in the spheres referred to in Clause 1.2, and who comply with at least one of the following characteristics:
 - 1.3.1. an employee is employed in one of the construction industry's specialities (Annex 1);
 - 1.3.2. an employee performs the work on the construction site for the execution of the construction contract, except for a case if the employee's work duties are not directly related to the performance of the construction works (for example, guards, cleaners, street sweepers, accountants);
 - 1.3.3. for the persons who perform the work on the construction site for the execution of the construction contract for the benefit and under the management of the receiver of the labour force supply service, except for a case if the employee's work duties are not directly related to the performance of the construction works (for example, guards, cleaners, street sweepers, accountants).
- 1.4. If the employer also employs a Construction employees in other fields not mentioned in Clause 1.2 of the General Agreement, the remuneration of labour, stated in Section 2 of the General Agreement, shall apply only to those working hours actually worked by the employee in the areas referred to in Clause 1.2.
- 1.5. This General Agreement does not affect the application of the more favourable provisions to a Construction employee laid down in the employment contract, other collective agreement or general agreement.

Section 2

Wages and Working Hours

- 2.1. The minimum monthly wage in the construction sector for normal working hours shall be 780 *euros* (seven hundred eighty *euros*).
- 2.2. The minimum hourly wage rate for the construction workers shall be 4.67 *euros* (four *euros*, sixty-seven cents).
- 2.3. The overtime pay for construction employees shall be set at 50 (fifty) percent of the fixed wages, however in case of a lumpsum payment - not less than in the amount of 50 (fifty) percent from the price of the piece-work for the volume of works performed.
- 2.4. Construction employees shall receive a supplemental pay of 5 (five) percent according to the applicable industry minimum monthly wage if they have completed an education that corresponds to their profession, as evidenced by an educational document issued by a professional or higher education institution.
- 2.5. The reporting period of aggregate working hours for the Construction employees shall be 6 (six) months. In a collective agreement, an enterprise may agree on another reporting period not exceeding 12 (twelve) months.
- 2.6. For the Construction employees who acquire education at a vocational or academic education institution, as evidenced by a certificate issued by an educational institution related to preparation for activity in the professions specified in Annex 1 or in the professions mentioned in the direction of studies, during 6 (six) months from the day of conclusion of the employment contract, the employer shall be entitled to apply the coefficient of 0.7 for the minimum wages, referred to in Clause 2.1. or to the minimum hourly rate provided for in Clause 2.2.

Section 3

General Agreement Committee

- 3.1. The Parties shall form the Parties' General Agreement Committee (hereinafter referred to as the Committee), composed of four representatives from each part - four representatives delegated by the Trade Union and four representatives of the Employers: two delegated representatives from the Partnership of Latvian Construction Entrepreneurs ("*Latvijas Būvuzņēmēju partnerība*"), registration number: 40008104779, one delegated representative from the Latvian Road Building Association „*Latvijas Ceļu būvētājs*”, registration number 40008081902, and one delegated representative from the Association of Latvian Builders ("*Latvijas Būvnieku asociācija*"), registration number: 40008015589.
- 3.2. The organizations which represent the Employer and which have been mentioned in Clause 3.1, may be excluded and new one can be approved by support of the employers, if according to regulatory enactments it is necessary for the General Agreement to be binding on all employers and employees of the industry. The decision on the replacement of the organizations will come into effect with its publication in the newspaper "*Latvijas Vēstnesis*".
- 3.3. If the Trade Union loses its trade union status or is dissolved, the obligations and rights arising from this collective agreement shall be taken over by the Free Trade Union Confederation of Latvia, registration number: 50008043851.
- 3.4. The Committee deals with issues related to the implementation and application of the General Agreement.
- 3.5. The Committee shall be entitled to invite industry experts, organizations and competent state institutions to examine the issues. Invited persons shall not have voting rights.
- 3.6. Three Committee's representatives may convene meetings of the Committee as necessary. The Committee shall have a quorum if all representatives are present.
- 3.7. The Committee shall take its decisions unanimously.
- 3.8. The Committee shall appoint a responsible organization to act as a secretariat.
- 3.9. The proposals and objections of the Parties shall be expressed in writing and submitted to the members of the Committee's respective Party.
- 3.10. In case of significant market fluctuations, the Committee shall immediately make proposals for amending the General Agreement.
- 3.11. The Committee consider proposals for amendments to the General Agreement, incl. for amendments to the minimum wages and minimum hourly rate change, at least once per calendar year upon entry into force of the General Agreement, assessing the economic situation in the country (changes in gross domestic product, productivity changes, inflation, deflation) and other reasonable criteria.
- 3.12. The Committee shall be authorized to sign amendments, supplements and termination agreements to the General Agreement.

Section 4

Final Provisions

- 4.1. The General Agreement shall become effective within 6 (six) months after its publication in the official gazette “Latvijas Vēstnesis”, but at the earliest on 1 January 2019.
- 4.2. The Employer shall be entitled to set the minimum monthly wage referred to in Clause 2.1, in the amount of EUR 650 (six hundred and fifty euros) and the minimum hourly rate referred to in Clause 2.2, in the amount of 3,89 euro (three euro, eighty-nine cents) to the Construction employees for normal working hours within the period of 6 (six) months from the date of entry into force of the General Agreement. Applying the minimum wage and hourly rate set out in this clause, the reporting period for the aggregate working time of the Construction employees provided for in the first sentence of Clause 2.5 shall be 3 (three) months.
- 4.3. Amendments and supplements to the General Agreement shall come into force after their publication in the official gazette “Latvijas Vēstnesis” and within the term specified therein, but not earlier than within 3 (three) months from the date of their publication in the official gazette “Latvijas Vēstnesis”.
- 4.4. The Parties shall authorize the members of the Committee immediately after the entry into force of the amendments to the laws and regulations, stipulating the overtime payment rate, referred to in Clause 2.3. of the General Agreement, to submit the application for the official gazette “Latvijas Vēstnesis” for the publication of a notice on the conclusion of this General Agreement. The Members of the Committee are also authorized to prepare and submit applications for the publication of notices in the official gazette “Latvijas Vēstnesis” regarding the amendment or termination of the General Agreement.
- 4.5. None of the parties can terminate the performance of liabilities of the General Agreement unilaterally.
- 4.6. The General Agreement shall be effective till 31 December 2025. Unless one of the Parties notifies its termination not later than 3 (three) months prior to that date, its operation shall be extended for each subsequent six-year period. In other cases, this General Agreement may be terminated by agreement of the Parties.
- 4.7. The General Agreement has been concluded in 2 (two) counterparts - one for the Trade Union and the other one for the Employers, the counterpart of which is kept by the Employers’ Confederation of Latvia. Both counterparts have the same legal force.
- 4.8. There are no such collective agreements, labour regulations, employment contracts, or employer’s orders in force which, contrary to the provisions of this General Agreement, would worsen the legal position of the employee.
- 4.9. All disputes related to the execution of this General Agreement shall be settled by negotiation between the Parties or through the Committee. If no agreement has been reached between the Parties, the dispute shall be reviewed by the court of the Republic of Latvia.

Trade union:

Latvian Builders Trade union
Chairman Jevgeņijs Servuts

(signature)

Employers: