

# General Conditions

FOR FORESTRY CONTRACT WORKS, ABSE 20

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More information regarding ABSE 20 and contact work agreements for the forestry industry may be found at [www.apse.se](http://www.apse.se). There you can also find ABSE 20 and contract templates in digital format, etc.

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## Foreword

The 2009 General Conditions for Forestry Contract Work ("ABSE 09") were prepared by representatives of the forestry industry in 2009. These 2020 General Conditions for Forestry Contract Work ("ABSE 20") are a revised version of ABSE 09.

ABSE 20 is intended to be used for the various types of contract works carried out in the forestry industry. However, ABSE 20 is not intended for use for the construction of roads for which, instead, the General Conditions of Contract for Building and Civil Engineering Works and Building Services (AB 04) are to be applied.

ABSE 20 is based on a balancing of rights and obligations in order to achieve a neutral allocation of risk between the parties. Accordingly, amendments to these provisions should be avoided. However, by virtue of the implementation of so-called *optional provisions*, it has been left to the parties to amend certain provisions in ABSE 20 based on the circumstances of each individual procurement. These optional provisions are indicated by use of phrases such as "*unless otherwise agreed between the parties*" or similar. A departure from an optional provision in other contract documents is not to be regarded as information or a provision which is contradictory in relation to ABSE 20 in the sense referred to in Chapter 1, § 2.

In addition to the provisions of ABSE 20, planning and organisation by the parties are material to achieving a result in accordance with the contract. Accordingly, the parties should establish the forms for continued dialogue and act with openness and trust for their mutual benefit. Good collaboration, communication and clarity are necessary to achieve the intended result in all types of contract works.

In preparing ABSE 20, a great deal of emphasis has been placed on creating greater clarity and precision in the contract text including, among other things, in the consultation and liability provisions. ABSE 20 also includes optional provisions regarding the contractor's right to standstill compensation under certain conditions. In addition, ABSE 20 contains relatively extensive editorial changes.

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**Note:** In the event of any conflict between the provisions of this translation and the original Swedish-language version, the original Swedish-language version shall have precedence.

**Definitions**

*ABSE 20*: these General Conditions for Forestry Contract Work.

*Area of operations*: the geographic area within which tract assignments will be performed.

*Contract documents*: the contract and the documents appended thereto or in which it is stated that they are applicable to the contract work.

*Contract work*: work included in the contractor's undertaking in accordance with the contract documents and subsequent agreements reached by the parties during the term of the contract.

*Coordination tract*: two or more tracts which may be coordinated to render the work more efficient.

*Defect*: deviations which entail that the contract work has not been performed in the agreed manner.

*Deficiency*: when part of the contract work has not been performed.

*Equipment*: devices necessary for the performance of the contract work and transportation. Examples of equipment include machinery, vehicles, hand tools and instruments.

*Price base amount*: the price base amount (not increased) in accordance with the Swedish Social Insurance Code (Swedish Code of Statutes 2010:110).

*Self-monitoring report*: the inspection of the work carried out to be documented by the contractor in written form in accordance with the agreement between the parties.

*Statutes*: acts, ordinances and provisions in accordance with Article 8 of the Swedish Instrument of Government.

*Sub-contractor*: a party who performs contract work on behalf of the contractor within the framework of the contract work.

*Term of contract*: the period of time set forth in the contract documents for the performance of the contract work.

*Tract assignment*: ordered part of the contract work. A tract assignment shall be considered ordered when the contractor receives tract Instructions.

*Tract instructions*: work instructions provided by the principal to the contractor in conjunction with ordering a tract assignment.

*Tract*: the geographical area within the work area in which tract assignments are to be carried out (the object).

*Work*: performance of work as well as equipment, goods and materials used therefor.

*Written*: information which can be read and stored. Examples of the means of transmission of such information include post and e-mail or other form of digital communication.

## Chapter 1

### SCOPE

<b>The works</b>	<b>§ 1</b>	The principal undertakes to provide, and the contractor undertakes to execute, the quantity of work quantified in the contract in accordance with the contract documents.
<b>Contract documents</b>	<b>§ 2</b>	<p>The contract documents supplement one another except where otherwise indicated by the circumstances. In the event the documents contain conflicting information or provisions, the documents shall apply in the following order except where obviously indicated by the circumstances:</p> <ol style="list-style-type: none"> <li>1. Contract package: <ol style="list-style-type: none"> <li>1.1 contract</li> <li>1.2 ABSE 20</li> <li>1.3 appended agreed compensation form</li> <li>1.4 appended description of the overall engagement</li> <li>1.5 appended agreed checklist</li> <li>1.6 other documents which are appended or cited</li> </ol> </li> <li>2. Tender documents: <ol style="list-style-type: none"> <li>2.1 tender</li> <li>2.2 completed checklist</li> <li>2.3 compensation form with rates</li> <li>2.4 other documents</li> </ol> </li> <li>3. Tender specifications: <ol style="list-style-type: none"> <li>3.1 description of overall engagement</li> <li>3.2 checklist</li> <li>3.3 compensation form</li> <li>3.4 other documents</li> </ol> </li> </ol> <p>In the event one and the same document contains conflicting information or provisions, such information or provision which entails the lowest cost for the contractor shall apply unless otherwise obviously indicated by the circumstances.</p>
<b>Responsibility for information</b>	<b>§ 3</b>	The party who provides documents shall be responsible for the information contained therein. Acceptance by the other party shall not release the providing party from said responsibility.
<b>Conditions</b>	<b>§ 4</b>	It shall be incumbent upon the contractor to acquire sufficient knowledge of the conditions relevant to the performance of the contract work. However, the aforementioned shall not limit the principal's responsibility in accordance with § 3 of this Chapter.
<b>Professional assessment</b>	<b>§ 5</b>	Where, at the time of the submission of the tender, there is a lack of information regarding certain conditions, this shall be regarded as a condition which, with regard to the circumstances, could have been anticipated in conjunction with a professional assessment.
<b>Equipment</b>	<b>§ 6</b>	Unless otherwise agreed by the parties, the contractor shall acquire at its own expense everything necessary for the performance of the contract work, e.g. vehicles, machinery, equipment, fuel, hand tools, transportation, etc. Machinery and equipment covered by the contract work must be in good condition and meet the requirements established by the principal and applicable statutes.
<b>Permits/notices</b>	<b>§ 7</b>	The principal shall obtain and bear the cost of necessary permits and notices for the agreed execution of the contract work.

**Statutes****§ 8**

The contractor shall be responsible for ensuring statutory compliance to the extent applicable to the contractor's undertakings, e.g. as regards work environment, the natural and cultural environment, timber stacking, traffic regulations, personal data, etc.

Amended or superseded statutes shall apply as newly worded.

## Chapter 2

### PERFORMANCE

<b>Start-up meeting, etc.</b>	<b>§ 1</b>	<p>Unless otherwise agreed between the parties, a start-up meeting shall be held prior to commencing the contract work. At such meeting, the parties shall review the contract documents, specify the forms of information exchange and collaboration between the parties, and address other significant issues. Unless otherwise agreed, the principal shall convene the start-up meeting and keep minutes of such meeting.</p> <p>During the performance of the contract work, the parties shall hold progress meetings to the extent agreed upon between the parties. At such meetings, the parties shall evaluate their collaboration and information exchange and, where necessary, submit proposals for improvements. Unless otherwise agreed, the principal shall convene progress meetings and keep minutes of such meetings.</p>
<b>The principal's obligations</b>	<b>§ 2</b>	<p>The principal shall provide tract instructions in ample time prior to commencement of a tract assignment as specifically agreed in the contract documents. Tract instructions shall clearly state what applies for each specific object and shall otherwise meet the requirements agreed upon in respect of the contract documents.</p>
<b>The contractor's obligations</b>	<b>§ 3</b>	<p>The contractor shall perform the contract work in a professional manner and in compliance with the contract documents and the tract instructions, directions and application provisions provided by the principal to the contractor during the term of the contract.</p> <p>To the extent possible, the contractor shall avoid causing damage by the contract work to, for example, land, roads, water and remaining forest and shall exercise particular care in dealing with objects in the natural and cultural environments.</p> <p>The contractor shall consider the principal's interests and perform its tasks in such a manner as to achieve for the principal the best production-technique and economic result.</p>
<b>Area of operations</b>	<b>§ 4</b>	<p>The contractor shall have at its disposal the tracts covered by the ordered tract assignment and otherwise use the area of operations in the manner necessary for the execution of the contract work. However, it shall at all times be the responsibility of the contractor to follow the directions in the provided tract instructions.</p>
<b>Fire safety measures</b>	<b>§ 5</b>	<p>The parties shall take the measures to prevent fires in the performance of the overall engagement as specifically agreed in the contract documents.</p>
<b>Notice obligation</b>	<b>§ 6</b>	<p>The parties shall keep each another informed of conditions which may be deemed to be significant to the contract work. Following notice, the parties shall consult each other without delay and, where necessary, the principal shall provide information regarding the continued work. Such information shall be provided in writing.</p> <p>The principal shall be responsible for losses incurred as a consequence of provided information regarding, for example, travel routes or work in conjunction with risks of fire. However, following receipt of such information, the contractor shall at all times take professional measures to avoid and mitigate such losses and keep the principal continuously</p>

informed of conditions which may be assumed to be relevant for the contract work in accordance with the first paragraph.

**Self-monitoring  
report**

**§ 7**

Unless otherwise agreed between the parties, the contractor shall, not later than in conjunction with invoicing, provide the agreed follow-up report on work performed.

### Chapter 3

#### ORGANISATION

<b>Work management</b>	<b>§ 1</b>	<p>Unless otherwise agreed between the parties, the contractor shall have sole authority to manage the performance of the contract work.</p> <p>The contractor shall provide expert work management for the performance of the contract work.</p>
<b>Personnel</b>	<b>§ 2</b>	<p>The contractor shall be responsible for ensuring that the contractor's own personnel and retained personnel possess the skills and knowledge necessary to perform the contract work in an efficient, professional and safe manner.</p> <p>The employment and work conditions applicable to all employees of the contractor shall comply with applicable legislation. In addition, the provisions of Swedish collective bargaining agreements shall constitute the basis of agreements between the employer and employees.</p> <p>The contractor shall be responsible for ensuring that the contractor's own personnel and retained personnel participate in the training and receive information directed by the principal. The principal shall bear the cost of such training and information. Unless otherwise agreed, the contractor shall be responsible for the salary costs of participating personnel (including social security fees, holiday pay, contract-related costs, etc.) for a period of two training days per employee and year.</p>
<b>Work environment protective measures</b>	<b>§ 3</b>	<p>Each party shall fulfil the obligations regarding work environment protection as are the responsibility of the party in accordance with laws, ordinances and provisions applicable to the work environment.</p>
<b>Safety and security</b>	<b>§ 4</b>	<p>The contractor shall be responsible for ensuring that the contractor's own personnel and retained personnel are provided with the information and training set forth in applicable provisions and recommendations regarding the work environment, in particular as regards safety and security. Necessary safety equipment shall be used at all times. The principal shall be entitled to suspend work in the event necessary safety equipment is not used. The contractor shall not be entitled to compensation during the period of time work has been suspended.</p>
<b>Inspection by the principal</b>	<b>§ 5</b>	<p>The principal shall inspect the contractor's work in the manner deemed suitable by the principal. Such inspection shall not entail any limitation on the contractor's contractual responsibility. To the extent possible, inspections shall be carried out in such a manner as do not impede the contract work.</p>
<b>F-tax certificate, etc.</b>	<b>§ 6</b>	<p>The contractor shall possess a valid Swedish F-tax certificate and be registered for value added taxation in Sweden and fulfil its obligations in respect of the payment of taxes and social security fees.</p>
<b>Assignment</b>	<b>§ 7</b>	<p>A party shall not be entitled to assign the contract work agreement to a third party without the other party's written consent.</p>
<b>Sub-contractors</b>	<b>§ 8</b>	<p>The contractor may not retain sub-contractors without the principal's written consent.</p>

The contractor shall ensure that retained sub-contractors comply with the provisions of the contract documents applicable to their undertakings.

In the event a sub-contractor does not comply with the provisions referred to in the preceding paragraph, the contractor shall be obliged, at no cost to the principal, to immediately terminate the agreement with the sub-contractor in question in so far as the principal and the contractor have not reached another agreement or where such is due to an excusable oversight and rectification takes place immediately following notice thereof.

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**Chapter 4**

## TIMES

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|-----------------------|------------|--|
| <b>Schedule</b>       | <b>§ 1</b> | The contract work and tract assignments ordered in such context shall be performed in accordance with established schedules and shall be performed within the agreed delivery times.   |
| <b>Delivery</b>       | <b>§ 2</b> | <p>The contract work shall be successively delivered in conjunction with the completion of each respective tract assignment.</p> <p>Completed tract assignments shall be regarded as delivered when the contractor has concluded the work and demobilised from the relevant tract or coordination tract.</p> <p>In the self-monitoring report submitted in accordance with Chapter 2, § 7, the contractor shall notify the principal of the time at which the relevant tract assignment was completed and delivered.</p> |
| <b>Duty to notify</b> | <b>§ 3</b> | The contractor shall, without delay, notify the principal of such conditions which the contractor has understood or should have understood will entail that the agreed quantities will not be able to be completed within the agreed delivery times.   |

## Chapter 5

### LIABILITY AND RECTIFICATION

<b>Performance bond</b>	<b>§ 1</b>	<p>In the event of a non-contractual discrepancy in the agreed quantity at the expiry of the agreed delivery times, the contractor shall make payment under a performance bond in accordance with the provisions of the contract. In addition to the agreed performance bond, damages shall not be payable for discrepancies in relation to agreed quantities.</p> <p>In the event the parties have not agreed upon a performance bond, the principal shall be entitled to compensation for proved losses arising as a consequence of non-contractual quantitative discrepancies in accordance with the preceding paragraph.</p>
<b>Adjustment</b>	<b>§ 2</b>	<p>The contractor's obligation to make payment under a performance bond or damages in accordance with § 1 of this Chapter shall be adjusted to the extent the contractor can show that it was not possible to deliver the agreed quantities within the agreed periods of time due to circumstances relating to the principal or force majeure events in accordance with § 13 of this Chapter.</p>
<b>Period of limitations</b>	<b>§ 3</b>	<p>Claims made under the performance bond or for damages in accordance with § 1 of this Chapter must be submitted in writing to the contractor not later than three months following the expiry of the relevant delivery period. Claims made under the performance bond and for damages shall be forfeited unless timely made.</p>
<b>Risk to property</b>	<b>§ 4</b>	<p>During the term of the contract, the contractor shall bear the risk of loss or damage to its own and leased property, e.g. machinery, vehicles, equipment, materials and goods, etc., as a consequence of events not relating to the principal.</p>
<b>Liability</b>	<b>§ 5</b>	<p>A party shall be liable for any losses such party causes to the other party as a consequence of negligence.</p>
<b>Defects and deficiencies</b>	<b>§ 6</b>	<p>The contractor shall be liable for defects and deficiencies in the contract work.</p> <p>The contractor shall be liable for defects and deficiencies existing at the time of delivery in accordance with Chapter 4, § 2, notwithstanding the fact that such defect or deficiency is discovered at a later time.</p>
<b>Consequential losses</b>	<b>§ 7</b>	<p>In the event the contractor is liable for defects or deficiencies, the contractor shall also be liable for consequential losses arising from such defects or deficiencies.</p>
<b>Third parties</b>	<b>§ 8</b>	<p>In relation to the principal, the contractor shall be liable for the principal's liability in damages to third parties as a consequence of the contract work.</p> <p>However, the contractor shall be released from liability in accordance with the previous paragraph where the contractor can demonstrate that the contractor could not reasonably have prevented or mitigated such loss.</p> <p>In relation to the contractor, the principal shall be liable for any liability in damages to third parties incurred by the contractor pursuant to Chapter 32 of the Swedish Environmental Code (Swedish Code of Statutes</p>

		1998:808) where the contractor can demonstrate that it could not reasonably have prevented or mitigated such loss.
<b>Limitation of liability</b>	<b>§ 9</b>	<p>The contractor's liability in damages relating to the contract work shall be limited to 235 price base amounts per loss. Such limitation shall not apply in the event the contractor has insurance cover for a higher amount. In such cases, the duty to pay compensation shall be limited to such amount plus any excess.</p> <p>"Price base amount" means the price base amount applicable at the time of entering into the contract work agreement.</p>
<b>Period of liability</b>	<b>§ 10</b>	The contractor shall not be liable for defects or deficiencies which arise more than two years following delivery in accordance with Chapter 4, § 2. The period of liability in the preceding sentence shall not apply, however, where the contractor has acted with gross negligence, in which case a period of limitations of ten years shall instead apply.
<b>Duty to notify</b>	<b>§ 11</b>	The principal shall notify the contractor without delay in the event the principal discovers a defect or deficiency or a loss due to a defect or deficiency. The principal shall be liable for any additional costs incurred by the contractor as a consequence of late notice.
<b>Liability for sub-contractors, etc.</b>	<b>§ 12</b>	The contractor shall be liable for the work of sub-contractors to the same extent as for its own work. The same shall apply in respect of the work or other performance pursuant to the agreement carried out by third parties retained by the contractor for the execution of the contract work.
<b>Force majeure</b>	<b>§ 13</b>	<p>In the event a party's performance of the agreement is prevented or rendered significantly more difficult as a consequence of wars, defence preparations or other military dispositions, labour conflicts – excepting strikes or blockades arising as a consequence of the fact that such party has not performed its legal or contractual obligations in relation to employees – natural catastrophes, fires, explosions, accidents, rationing of goods, actions by governmental authorities or other similar event which a party could not reasonably have foreseen at the time of entering into the agreement and the consequences of which such party also could not reasonably have avoided or overcome, the period of time for the performance of the agreement by such party shall be extended by the period of delay caused by the aforementioned circumstance.</p> <p>A party who is affected by circumstances in the previous paragraph shall notify the other party of such circumstances without delay and state the estimated duration and consequences thereof.</p>
<b>Rectification of defects</b>	<b>§ 14</b>	<p>The contractor shall be obliged and, except where the principal deems it unsuitable, entitled to rectify defects in the contract work for which the principal has given notice.</p> <p>The principal may at no time deny the contractor the right to carry out rectification in accordance with the previous paragraph without providing compelling reasons therefor.</p> <p>Any rectification which has been requested shall be carried out without delay after the principal has given notice of the defect to the extent rectification need not be postponed for more suitable seasonal conditions. Defects which do not entail a loss in the contract work or a material inconvenience for the principal may, however, be remedied at another time agreed upon by the parties.</p> <p>In the event the contractor does not rectify notified defects within the above-prescribed time, or where the contractor has notified the principal</p>

that the contractor does not intend to rectify the defect, the principal may arrange for the defect to be remedied at the contractor's expense.

In the event the contractor is not liable for the defect notified by the principal, the contractor shall be entitled to compensation for the rectification. In the event the contractor is liable for the defect, however, rectification shall take place at the contractor's expense.

<b>Rectification of deficiencies</b>	<b>§ 15</b>	The contractor shall be liable for rectifying deficiencies in the contract work where so requested by the principal. Rectification shall take place at the principal's expense provided the contractor has not previously received compensation for the work in question. The contractor shall, however, be liable for any additional costs such as, for example, for re-mobilisation which are incurred as a consequence of the rectification of deficiencies.
<b>Price reduction</b>	<b>§ 16</b>	<p>Provided that the principal is not obliged to offer the contractor the possibility to rectify defects in accordance with § 14 of this Chapter, the principal shall, in its own discretion, be entitled to effect a price reduction in lieu of requesting rectification.</p> <p>The price reduction shall equal the reasonable cost to the principal for rectification of the defect. In conjunction with defects which cannot be remedied without material inconvenience, the price reduction shall instead equal the difference between the value of the work result in accordance with the agreement and the defective condition, but at all times not less than the savings benefiting the contractor as a consequence of the sub-standard performance.</p>
<b>Insurance</b>	<b>§ 17</b>	<p>The contractor shall maintain property and liability insurance for its operations which are customary for the industry. The contractor shall also ensure, where applicable, that vehicles and machinery used for the overall engagement are covered by vehicle insurance. The insurance policies must be valid during the term of the contract and, furthermore, liability insurance shall apply for a period of not less than two years following expiry of the contract.</p> <p>The contractor shall provide the principal with evidence of the agreed insurance cover. Applicable evidence of insurance cover shall thereafter be presented in connection with the renewal thereof.</p> <p>In the event of a loss, it shall be incumbent on the contractor to use the agreed insurance cover.</p>

## Chapter 6

### FINANCIAL MATTERS

<b>Regulation of unit prices</b>	<b>§ 1</b>	<p>Agreed unit prices shall apply and shall be regulated exclusively in accordance with the provisions of the contract documents unless otherwise agreed between the parties during the term of the contract work.</p>
<b>Unit prices</b>	<b>§ 2</b>	<p>Unit prices for a stated unit quantity shall include all compensation for what is, within the meaning of the contract documents, a complete unit of work, excluding statutory value added tax. Unless otherwise set forth in the contract documents, no compensation of any kind shall be paid to the contractor over and above the agreed unit prices.</p>
<b>Standstill compensation</b>	<b>§ 3</b>	<p>Unless otherwise agreed in the contract documents, the principal shall pay the contractor standstill compensation where:</p> <ol style="list-style-type: none"> <li>1. the principal instructs the contractor in writing to discontinue work;</li> <li>2. the contractor is unavoidably prevented from continuing work due to circumstances relating to the principal or for which the principal is responsible; or</li> <li>3. the principal fails, following consultations with the contractor, to provide information regarding the continued course of the work and the contractor, in order to avoid serious personal injury or property damage, is compelled to immediately discontinue work.</li> </ol> <p>Unless otherwise agreed in the contract documents, standstill compensation shall cover the contractor's actual and confirmed costs during the standstill period.</p> <p>The contractor shall be liable to mitigate the costs during the standstill period.</p> <p>In order to be entitled to standstill compensation, the contractor must have satisfied the contractor's notice obligation in accordance with Chapter 2, § 6. In order to be entitled to standstill compensation, the contractor shall be obliged, during the standstill period, to carry out such other tasks as instructed by the principal.</p>
<b>Payment</b>	<b>§ 4</b>	<p>Unless otherwise agreed between the parties, the contractor shall invoice once per calendar month the value of work performed up to each invoicing date.</p> <p>Unless otherwise agreed between the parties, invoicing may not take place before the contractor has submitted a contractual self-monitoring report for works performed in accordance with Chapter 2, § 7.</p> <p>Unless otherwise agreed between the parties, an invoice shall be paid within 30 days following receipt. In the event the parties are in disagreement in respect of any part of the invoiced amount, however, the undisputed amount shall be paid within the stated period of time.</p>

<b>Value added tax</b>	<b>§ 5</b>	In addition to compensation, the principal shall pay value added tax accruing on such amount.
<b>Penalty interest</b>	<b>§ 6</b>	In the event payment is not timely made, a party shall be entitled, commencing on the due date, to charge penalty interest in accordance with the Swedish Interest Act (Swedish Code of Statutes 1975:635).
<b>Limitations period</b>	<b>§ 7</b>	<p>The contractor's claims regarding completed tract assignments shall be barred by the period of limitations six months after delivery in accordance with Chapter 4, § 2.</p> <p>Following a suspension of the period of limitations, a period of limitations of two years shall apply. In other cases, the Swedish Limitations Act (Swedish Code of Statutes 1981:130) shall apply.</p>

**Chapter 7**

## TERMINATION AND WITHDRAWAL

**The principal's  
right to terminate  
the agreement****§ 1**

The principal shall be entitled to terminate the contract work agreement in writing as regards any part of the contract work which has not yet been performed where:

1. the contractor materially fails to fulfil the contractor's obligations pursuant to the agreement and rectification does not occur without delay following notice from the principal;
2. the contract work is delayed such that it is clear that it cannot be completed within the agreed delivery times provided that the delay is due to the contractor and entails material inconvenience for the principal;
3. the contractor retains a sub-contractor or assigns the agreement, in whole or in part, without the consent of the principal;
4. the contractor is not registered for Swedish F-tax and value added tax or fails to fulfil its undertakings in respect of the payment of taxes and social security fees;
5. the contractor is placed into insolvent liquidation or is otherwise insolvent to the extent that the contractor cannot be expected to perform its undertakings, and satisfactory security for the due performance of the contractor's obligations to the principal is not furnished without delay upon request therefor; or
6. the contractor dies, or a guardian or administrator is appointed for the contractor in accordance with the Swedish Parental Code (Swedish Code of Statutes 1949:381), or where the contractor, due to illness or accident, is incapable of completing the contract work.

**The contractor's  
right to terminate  
the agreement****§ 2**

The contractor shall be entitled to terminate the contract work agreement in writing as regards any part of the contract work which has not yet been performed where:

1. the principal commits a breach of contract material to the contractor and rectification does not occur without delay following notice from the contractor;
2. the principal is placed into insolvent liquidation or is otherwise insolvent to the extent that the principal cannot be expected to perform its undertakings, and satisfactory security for the due performance of the principal's obligations to the contractor is not furnished without delay upon request therefor; or
3. the principal dies, or a guardian or administrator is appointed for the principal in accordance with the Swedish Parental Code (Swedish Code of Statutes 1949:381), or where the principal, due to illness or accident, is incapable of fulfilling the principal's undertakings.

**Damages for  
termination****§ 3**

In the event any of the parties terminates the agreement pursuant to § 1, sub-sections 1 – 5 or § 2, sub-sections 1 – 2 of this Chapter, the other party shall be obliged to compensate the loss incurred by the terminating party as a consequence of the termination.

Claims for compensation due to termination shall not give rise to a right to payment unless asserted in writing not later than three months after the loss became known.

**Minimum compensation for termination**

**§ 4**

In the event the principal or the contractor terminates the agreement pursuant to §§ 1 or 2 of this Chapter and is entitled to damages pursuant to § 3, the other party shall at all times pay minimum compensation equal to two price base amounts. In addition to the minimum compensation, only compensation for proven losses shall be payable.

"Price base amount" in this section means the price base amount at the time of entering into the agreement.

**The parties' right to withdraw from the agreement**

**§ 5**

In the event the performance of the agreement is materially prevented for a period in excess of three months due to any of the circumstances set forth in Chapter 5, § 13, either party shall be entitled to withdraw from the agreement without incurring any obligation to pay compensation.

## Chapter 8

### DISPUTES

- § 1** Disputes relating to the application or interpretation of the contract work agreement entered into and legal relationships relating thereto shall first be resolved by means of negotiations between the parties.

Disputes which arise as a consequence of this agreement shall be conclusively resolved through arbitral proceedings administered by the Arbitration Institute of the Stockholm Chamber of Commerce (SCC). The Rules for Expedited Arbitration shall be applied unless the SCC, taking into account the degree of difficulty of the case, the value of the dispute and other circumstances, determines that the Arbitration Rules are to be applied. In the latter case, the SCC shall also determine whether the tribunal shall consist of one or three arbitrators.

The place of arbitration shall be Stockholm. The language of the proceedings shall be Swedish. The dispute shall be governed by Swedish law.

All information which comes to light during the proceedings is confidential and may not be disclosed without the other party's consent therefor.

- § 2** Notwithstanding § 1 of this Chapter, a party may bring an action in a court of general jurisdiction where the amount in dispute does not exceed twelve price base amounts. "Price base amount" in this section means the price base amount applicable at the time the action was instituted.