

**SKANSKA**

# Skanska's Standard Terms and Conditions for Subcontracting

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## 1. Interpretation of terms and conditions

These standard terms and conditions contain amendments, clarifications and additions to the General Conditions for Building Contracts YSE 1998. These terms and conditions do not restrict the Client's rights or the Contractor's obligations stipulated in the YSE conditions, unless such restriction is specifically mentioned in the terms and conditions.

## 2. Contractor's performance obligation

### 2.1 Further obligations

#### 2.1.1 *Skanska's Supplier Code of Conduct*

The Client has defined its unified globally applied ethical business principles. The Contractor assures to be acquainted with the Supplier Code of Conduct and hereby commits to adhere to the Supplier Code of Conduct principles in its performance. The Contractor is also responsible for ensuring that its employees and possible third parties used in the fulfilment of the contract adhere to the Supplier Code of Conduct principles.

The Client is entitled to carry out reasonable inspections at the Contractor's premises, in order to ensure that the Contractor adheres to the Supplier Code of Conduct principles. The Contractor shall investigate possible suspected breaches in its own performance and within its own supply chain and immediately correct any omissions discovered, without compromising the fulfilment of its other contractual obligations.

The Client follows a zero gift policy, meaning that the employees of Skanska must neither give nor accept any gifts.

The Contractor is not entitled to use the Client as the reference or use in any other way the data protected by the Client's intellectual property right, unless if agreed otherwise with the Client. However, by way of derogation from the above, a Contractor's employee who was involved in the project shall have the right of using the name of the project / his or her role as a reference in his or her CV if this is not prevented by the duty of secrecy related to the project or by some other special reason.

### 2.2 Site management duties

The Client is the contractor responsible for construction site services and on-site management duties.

## 3. Works performance and co-operation

### 3.1 Co-operation and work site arrangements

#### 3.1.1 *Requirements concerning occupational safety, work site arrangements, materials, the environment, and co-operation*

The Contractor shall comply with the requirements concerning occupational safety, work site arrangements, materials, the environment, and co-operation, and with the Client's instructions.

The Contractor is responsible at all times for the management of its employees and possible subcontractors at the work site. The requirement also applies to work performed on an hourly basis.

The Client and its representatives are entitled to inspect the Contractor's premises, other premises used by the Contractor for fulfilling the contract, and the supply chain complete with intermediate storage. The Contractor is responsible for ensuring that if required, the inspection can also be carried out in the aforementioned premises and supply chain of its subcontractors. If the conditions do not comply with the requirements or it is otherwise found that the Contractor or its subcontractors violate their obligations provided for in this contract, the Contractor shall take the necessary corrective measures at once, without causing problems related to supply or to compliance with other commitments.

### *3.1.2 Participation in work site meetings and events*

The Contractor is required to participate in contractor meetings and other joint work site meetings. The Contractor and its work site personnel are required to participate in work site occupational safety meetings.

### *3.1.3 Restrictions and requirements concerning use of the Contractor's employees and subcontractors*

#### Use of subcontractors

The Contractor shall not have the right of subcontracting its work or contract out to agency workers without the Client's approval. The Client may approve use of these for special reasons; delegating the works beyond this is permitted only for a justified cause. The Contractor must have its subcontractors or staffing agency approved in writing by the Client early enough before starting the work. A subcontractor of the Contractor or agency worker is subject to the same requirements as the Contractor, and the Contractor must include the requirements in its own contracts in the subcontracting chain.

#### Light entrepreneurship and foreign staffing agencies

The Client does not sign contracts with so called light entrepreneurs (kevytyrittäjä) and neither the Contractor has the right of giving the work further to be done by a person, who works as a light entrepreneur. Light entrepreneur means a person, who invoices its work through an invoicing service company and has no Y-tunnus (Business Identity Code).

The Client does not sign contracts with foreign staffing agencies and neither the Contractor has the right of having work done by workers of a foreign staffing agency. Foreign staffing agency means a company engaged in leasing labor, that does not have a Finnish Y-tunnus (Business Identity Code) or is an Entity of a Foreign Business or a Branch of a Foreign Trader that has a Y-tunnus.

#### Contractor's obligations and liability, the Reliable Partner service

The Contractor must have joined the Vastuu Group Reliable partner service of Finland. The Contractor must follow the Act on Contractor's Obligations and Liability as regards its subcontractors and submit to the Client subcontractor's valid Reliable partner report in connection with the approval of the subcontractor. The Contractor must include the operational liability insurance in the specification of the Reliable partner report.

The Contractor has to be registered in the Finnish Prepayment Register.

If the Contractor is a foreign company that cannot join the Reliable partner service, it must deliver to the Client the statements in the Finnish or English language as specified in the Act on Contractor's Obligations and Liability before signing the contract (see the list below). The Contractor must deliver the above-mentioned statements regardless of the duration of the work.

Before signing the contract, the Contractor is required to submit to the Client the following statements and certifications, or any other reliable proof (if the information is not available

in the Reliable partner report), in accordance with the Act on Contractor's Obligations and Liability (1233/2006) and the amendments made to it when using foreign labour.

- Statement indicating that the company has been registered in the Prepayment Register, Employer Register, and Value Added Tax Register.
- Trade Register extract.
- Tax payment certificate or tax liability certificate. In case of tax in default, the Contractor must submit payment schedule prepared together with Tax Administration, if the amount exceeds 500 euros. The Client shall sign no contract with the contractors whose tax in default is 10 000 euro or more.
- Certificates of employee pension insurance and payment of pension insurance premiums or an account that a payment agreement has been made on overdue pension payments.
- An account of the applicable collective agreement or the principal terms applicable to the work.
- Certificate of accident insurance according to the Employment Accident Insurance Act (608/1948).
- Statement on arrangement of occupational health care.

The information and certificates must not be older than three months when signing the contract. In case the contract shall last for more than 12 months, the Contractor or the company hiring labour force is obliged to deliver to the Client the information required by Act on Contractor's Obligations and Liability within the contractual relation at least after every 12 months. The Contractor is obliged to deliver up to date information and certificates, if requested so by the Client and without a separate request in case any important information should change.

Contractor or its partner or member of supervisory board or executive director or person in a similar position must not be subject to the ban on business activities. If requested so, the Contractor must prove it before signing the contract.

#### Employees related other requirements

The Contractor shall ensure that besides the documents listed above, the subcontracting contract must contain delivery of the following documents to each contract client and, if requested so, to the Client (Skanska):

- specification of the employees' right to work
- information about posted worker's representative and social security
- information about applicable collective agreement and employees' wages
- information about identity documents and tax numbers
- information about official ID card that proves the nationality
- company and employee related information to be submitted to tax authority

#### Details of the grounds of employee working rights

A subcontractor or temporary work agency employing a foreign employee working at the Client's construction site will be obliged to present to the Site Manager or other Client's representative with details of the grounds of employee working rights, to be forwarded further if necessary.

#### Posted workers from outside EU / EEA countries and Switzerland

Only nationals of other EU / EEA countries and Switzerland may work as posted workers at Skanska's construction sites. Citizens of other countries must apply for a residence permit and the related right to work in Finland from the Finnish Immigration Service.

The use of posted workers from outside the EU / EEA countries and Switzerland at Skanska's construction sites is only allowed with an exception permit. Employees coming

outside of the EU / EEA countries cannot work at our construction sites without a residence permit issued by Finland and the related right to work, or a written exception permit granted by Skanska. The exception permit must be requested in writing from Skanska well in advance.

A posted worker from outside the EU / EEA countries and Switzerland is always required to have an employee's residence permit issued by the Finnish Immigration Service if the employment in Finland lasts for more than 90 days in a 180-day period. The Contractor shall not circumvent this regulation by replacing employees after the end of the period for longer-term contracts.

#### Authority supervising compliance with the Act of Posted Workers

Compliance with the Act of Posted Workers is supervised by the Occupational Safety and Health Area of the Regional State Administrative Agency. It also provides information and advice to foreign employers and their employees on legislation-related issues. The Contractor is obligated to report to the Regional State Administrative Agency all the information required in the Act of Posted Workers.

#### Details of posted worker's social security

For all foreign posted workers, the Contractor is obliged to provide information on the payment of social security contributions as referred to in the Act on the Contractor's Obligations and Liability at least one week before commencement of the works. E101 or A1 certificates qualifying for the citizens of EU/EEA must be valid when commencing work. In case no such certificate is available, Finnish pension insurance and accident insurance must be provided to the employee.

#### Representative of posted workers

The Contractor is required to appoint, before the beginning of the work, a representative for posted workers in Finland under the Act of Posted Workers.

The work must not be started until the representative's contact data, including his/her address in Finland, have been submitted to the Client. If the representative changes, the Client must be immediately informed about the new representative.

The above representative is responsible for keeping and, if requested, submitting to the Client the following records:

- data specifying the employer (name, business code, address)
- employee's personal data (name, personal ID number)
- details of the terms of employment of a posted worker (duration of the employment contract, place of employment, tasks, applicable collective agreement, wage determination criteria, working hours)
- details of the grounds for the posted worker's working rights (free movement, employee's residence permit, etc.)
- working hour records related to the posted worker
- information about the wages paid to the posted workers

#### Applicable collective agreement

The Contractor is committed to comply with its industry's universally binding collective agreement or other collective agreement it is obligated to obey, as well as the work and social legislation. If the Contractor is not a member of a Finnish labour market organization, for example, and is thus not bound by any collective agreement based on membership, the Contractor undertakes to follow the collective agreement specified by it.

The before mentioned collective agreement must in any case fulfil the minimum conditions of the employment contract which must be followed by the Finnish law and the collective contract in the similar type of work.

Employees rights and human rights (payment of wages, accommodation, recruitment fee, right to belong to a union, taking possession of identification documents)

The Contractor must pay wages to its employees to the bank accounts stated by the employees via a financial institution operating in Finland. The employer must provide the employee a written calculation of the wage in euros, which shows the amount of the wage as well as the essential information of how it is calculated.

If there is unclarity at the work site regarding the question whether the Contractor, its subcontractors or temporary work agency have paid their employees' wages and other compensations or fulfilled other obligations in line with the collective agreement as stated above, the Contractor shall submit to the Client reliable proof of the payment of the wages and performance of other obligations within a week from the request. The Client is also entitled to examine such proof with respect to the Contractor's subcontracting operations.

If the Contractor arranges accommodation for the employee, the accommodation must meet the prescribed requirements of the Health Protection Act and the regulations of the collective agreement binding the Contractor on accommodation conditions.

The Contractor shall ensure that employees themselves do not pay any fees or related costs to any parties for their recruitment.

The Contractor's employees must have the freedom of association, the right to form and join trade unions, and the right to collective agreement negotiations.

The Contractor shall not take possession of workers' work permit documents, passports, or other identity documents.

Negligence related to above mentioned issues are considered as severe contract violations.

Personal ID

The Contractor must ensure that all of its employees or possible agency workers working at a work site carry in a visible manner an ID card with photo, tax number, and employer identification data. For the employee identification card, the Contractor is required to use the Valtti ID card by Vastuu Group.

Notification of Employee Information

The Valtti+ service from Vastuu Group is in use at our worksites. We recommend that Contractors join the service and grant the Client access to employee information through it. This also applies to subcontractors and staffing agencies. In due time before the start of the work phase, the Contractor must also provide the General Contractor with a list of the names, dates of birth, and tax numbers of its own employees and employees of the possible subcontractors or agency workers used, in order to grant the necessary access passes and follow-up of their authenticity. Moreover, project specific guidance regarding employee information must be followed. When taking the site induction, the worker must show official ID card that proves the nationality. If the Contractor's subcontractor or staffing agency is not approved in advance, the employees can't take the site induction, and the access passes can't be granted.

If the Contractor is a foreign company that cannot join the Valtti+ service from Vastuu Group, it must deliver the aforementioned employee information to the worksite electronically well in advance before the site induction.



### Providing information to the Tax Authorities

A Contractor who is a construction service client is required to provide information on employees and contracting to the Tax Authorities monthly, in compliance with taxation procedure-related regulations. The Client as the work site's general contractor maintains the site's pass list and provides information on contracting and employees to the Tax Authorities monthly, in compliance with taxation procedure-related regulations. The Contractor is required to provide the Client with information required for performance of its statutory tasks.

The Contractor is obliged to ensure that all employees working at the work site use the electronic access control when arriving to the site and leaving from the site in compliance with the Client's instructions.

### Terms for data submission

The Contractor shall submit to the responsible Site Manager the aforementioned details of the grounds of employee working rights, details of the pension insurance of posted workers, details of the representative of posted workers, and information necessary for the pass before works commencement. In the course of work, the Contractor shall submit the data of new employees before the employees start to work.

#### *3.1.4 Work time requirements*

The Contractor shall follow the regular work site working hours agreed with the Client. In general, work is done from 7 AM to 4 PM, Monday through Friday. If it is necessary to work outside daily working hours due to exceptional circumstances, the Contractor must apply for the Client's permission.

When working outside regular hours, the subcontractors' and subsidiary contractors' management must:

- a. Prepare a Safe Job Analysis (SJA) for the work and go through it with all the workers of the workgroup.
- b. Always be present to supervise their employees' work and to ensure that no one works alone.
- c. Make a check after work to ensure that the working area is in acceptable condition, that machinery, equipment, and lighting that present a fire hazard are switched off, and that no workers remain on the site.
- d. Take care of locking-up immediately after work, as well as return all keys given out.

#### *3.1.5 Dealing with negligence and consequences*

If the Contractor fails to comply with its obligations related to occupational safety, work site arrangements, co-operation, quality assurance, or other contract obligations, the Contractor shall pay to the Client a contractual fine for each separate failure. In case of grave failures, the works are interrupted immediately, and measures taken without a warning procedure (written notification).

1. €500 for each failure, for which the Client submits a written notification. The Client submits a written complaint to the Contractor's representative responsible for the contract.
  - a. failure to comply with occupational safety, which may lead to the removal of the employee from the work site;
  - b. failure to deliver materials to the work site within the established arrival window;
  - c. failure related to work place tidiness or order;
  - d. failure related to source separation of waste;
  - e. failure related to delivery to the work site and materials storage;
  - f. failure to participate in contractor meetings and other joint work site meetings or negligence of management responsibilities;

- g. failure on self-handover;
  - h. other failures of significance comparable to the above;
2. €1,500
- a. recurring occupational safety-related failure in which case the Client issues a written notification and an employee is removed from the work site for the remainder of the day;
  - b. failure related to employee briefing or instruction;
  - c. failure related to use of the Valtti ID card;
  - d. failure related to access control;
  - e. failure related to data submission to the Tax Authorities;
3. €3,000
- a. violations related to employees rights and human rights;
  - b. grave occupational safety-related failure;
  - c. occupational safety-related failures in high-risk jobs;
  - d. starting to work without Client's approval or safety planning;
  - e. failure to report an accident resulting absence;
  - f. failure related to approval of subcontractors;
  - g. failure related to reports submission pursuant to the Act on the Contractor's Obligations and Liability;
  - h. failure related to reports submission pursuant to the Act on the Contractor's Obligations and Liability in case of the Contractor's subcontractors;
  - i. failure related to certificates and specifications with respect to conformity of a construction product (for example CE marking).
4. €5,000 for neglect of investigation or corrective measures after each occupational accident resulting at least one day of absence for Contractor's employee.

Serious near-misses, that presumably could have led to death had the timing and place been somewhat different, are considered to be equal to the occupational accidents mentioned in section 4. Such situations are among others: falling of an employee from higher than two meters, materials that have fallen during lifting operations when people have been below loads, collapsing of temporary structures, landslips of excavations, and collision of an employee and a vehicle or a machinery. In case of all situations described in section 3 and 4 and those considered equal to these, The Contractor's representative must prepare immediately but not later than within seven business days, a written report about the accident or serious near-miss situation as well as a plan for corrective measures. The plan must be signed by the Contractor's managing director or a person authorized by him.

The Client is entitled to remove from the work site or prevent access to it by any persons who do not comply with occupational safety regulations, work site arrangements, co-operation requirements, or the Client's instructions. In this event, the Contractor is obliged to find a replacement employee immediately.

If a person is removed from the site because of neglect of safety requirements, he can return to the site only after having passed another site induction. Contractor's supervisor must be present at the induction. Neglect of these obligations is considered equal to neglects described in section 1.

These contractual fines for the Contractor's omissions do not restrict the Contractor's other liability for breaches of contract. For example, these contractual fines do not cancel the Contractor's obligation to compensate the Client for contractual fines collected from the Client by the Developer or by the authority due to the Contractor's fault.

### 3.1.6 *Client's right to correct failures by the Contractor*

If the Contractor fails to comply with the Client's requirements or instructions concerning occupational safety, work site arrangements, or co-operation, such as

- use of work site area,

- materials delivery to the work site,
- materials storage,
- materials storage at workplaces,
- tidiness, order, waste management and source separation of waste,
- restriction of exposure to dust,

which are included under its contractual obligations, after notification of the Contractor, the Client is entitled to arrange performance of the Contractor's obligations at the latter's expense. The Client may correct any negligence that it sees a threat to occupational safety immediately, without notice.

The Client may collect the related costs from the Contractor either by offsetting the respective share of the contract price or by charging the sum separately from the Contractor. The costs resulting from correction of the Contractor's negligence may also be charged from the Contractor by a contractual partner of the Client.

## 4. Quality assurance

### 4.1 Quality assurance by the Contractor

#### 4.1.1 *Kick-off meeting*

Prior to beginning the work, a kick-off meeting will be held at the worksite. The preconditions and the exact date for beginning work and possible changes to the plans and the related amendments of quality and product requirements will be checked during the initial meeting. At least the Contractor's responsible person managing the work must be present at the kick-off meeting.

#### 4.1.2 *Quality assurance measures*

Besides the quality assurance measures mentioned in contract documentation, the Contractor must follow quality assurance measures specified in legislation, regulations, good building practices as well as in general standards valid in Finland, working instructions, and work specifications.

Besides that, the Contractor's quality assurance measures may contain for example the quality plan, sample works, precision measurements and other measures specified in the inspection document. The quality assurance measures required by the authorities are compiled into the site inspection document where to the Contractor is obliged to add the information requested by the Client. The Contractor shall ensure that all necessary and required inspections are conducted and inspection reports are drawn up. Special responsibility for conducting inspections lies in case of structures to be covered.

The Developer's representative and the Client are entitled to inspect the quality of the material and work. In case of detecting any non-conformances, the Contractor must immediately eliminate such defects without causing to the Client any delay or additional costs for this. Quality assurance conducted by the Client, designers or Developer shall not lessen the Contractor's liability in any way.

We request the contractors to use a system that the Client defines (usually Skanska's Congrid system) for reception of the work phase, sub-phase inspections, self-inspections and handling of the defect and non-conformances lists. The Client provides free license to be used by the Contractor. The Contractor shall obtain the required devices at its expense.

The Contractor must finish each work stage at once so that the next stage can be started without having to perform any additional measures. The Contractor will perform the work stage by stage so that each stage is fully completed before moving to the next one. The size of each work stage is the area agreed at a time, for example, one apartment or floor.

The work stage is completed once the Contractor has inspected the location, corrections are done, and the work area is cleaned. In addition to other documentation, the Contractor must verify the completion of the work stage, the cleanliness and the conformity of the covered structures with photographs. Moreover, the Contractor performs self-handover and delivers minutes of it to the Client, which minutes contain a list of the detected and corrected faults and deficiencies.

If the Contractor causes property damage, such as a leak, they must, in addition to insurance reports, prepare a written report on the damage, the reasons leading to it, and the measures to prevent similar damage in the future.

#### *4.1.3 Quality and handover material*

The Contractor must provide the quality and handover materials to the Client related to the contract. Before ordering the materials, the Contractor must deliver to the Client product information and material safety data sheets and the information needed for approval of the materials. The materials-related documentation must be supplemented prior to delivery of the contract with the instructions for care, as well as with operating and maintenance manuals of the devices to be delivered by the Contractor, and separately mentioned documents required for the maintenance manual. The information must be delivered electronically to the Client or to the third party provided by the Client prior to the delivery of the contract. Even the minor non-conformances in the documentation mean the contract shall not be delivered.

If the contract includes e.g. building automation, access control or building technology and/or continuous (cloud) services related to the above, the installation and the object of the delivery must meet the requirements of RT card 103206 regarding digital security and personal data processing at DT 1 level unless a higher level is specified for the project.

## **5. Contract documentation**

### **5.1 Offer submission**

If the offer diverges from the call for tender, it must be mentioned explicitly and relevantly in order to be able to refer to the given exception. A possible optional offer must clearly define how it differs from the solution mentioned in the call for tender. If there are uncertainties in the contract's bidding and estimation documents, they have to be reported to the Client.

### **5.2 Hierarchy of contract documentation**

If any inconsistencies are discovered between the contents of contract documentation, the provisions of commercial documents shall apply according to the following hierarchy:

- a. contract for services;
- b. minutes of contracting negotiations;
- c. contracting limits appendix;
- d. call for tender and any additional explanations in writing issued before the term for offer submission;
- e. Skanska's Standard Terms and Conditions for Subcontracting;
- f. Skanska's Occupational Safety, Environment, Product and Logistics Requirements for Subcontracting;
- g. Supplier Code of Conduct;
- h. General Conditions for Building Contracts YSE 1998;
- i. offer;
- j. quantity and dimension lists;
- k. unit price list for amendment works;

- I. valid invoicing instructions available at the Skanska webpage. <https://www.skanska.fi/tietoa-skanskasta/yhteistyokumppaneille/for-our-international-suppliers/>

Hierarchy of technical documentation shall be according to YSE 1998 §13.

## 6. Schedule

### 6.1 Compliance with schedule

The Contractor shall comply with the general schedule prepared by the Client, work stage schedules, and weekly schedules. The Contractor is required to dimension its resources so that the performance complies with the aforementioned schedules. If takt time production is employed at the site, the Contractor is required to commit to the takt time production objectives, takt areas, and takt time agreed between the parties, as well as to comply with the daily management practices of takt production and to develop production plans. We request the contractors to use a takt time system that the Client defines. For additional information about takt time production ([Takt Time Production – Guide for Subcontractors](#)), see Skanska's [website](#).

If the Contractor should fall behind schedule, having notified the Contractor about it in writing, after five workdays the Client shall have the right of involving additional resources for performance of the Contractor's obligations at the Contractor's expense.

### 6.2 Penalty for delay

The Client is entitled to collect a penalty for delay from the Contractor for each workday delayed from the agreed contract completion date or intermediary goal. The penalty for delay amounts to 0.2% of the contract price (without VAT) per delayed workday. The contract price includes the value of additional and amendment works and is based on actual contract price. The penalty for delay can be calculated for max. 50 workdays in case of contract completion and for max. 75 workdays in case of intermediary goals. The maximum 75 workday penalty may also consist of intermediary goal penalties only.

## 7. Responsibilities

### 7.1 Liability for product approval of construction products

If the Contractor violates the contract by using construction products without required product approval (for example, CE marking) or products with inadequate product approval specifications or products otherwise non-compliant with legislation such as the Construction Products Regulation or requirements established in the Act on the Type Approval of Certain Construction Products and in the respective Decree, liability limitations of damage caused by delay are not applied, and instead the Contractor is responsible for compensating to the Client the entire damage caused by the delay. The Contractor is also required to indemnify the entire damage and costs caused to the Client by inadequacy of product approval specifications.

### 7.2 Product liability

The Contractor is responsible to the Client for the product liability of the products included under its performance obligations jointly with other parties possibly responsible for product damage. If the products cause damage consistent with the Act on Product Liability, which the Client will be obligated to compensate either to the party that suffered the damage or to its contracting partner, the Contractor undertakes to compensate the Client for all such damage and any other damage caused by product damage.

### **7.3 Warranty period**

The warranty period begins with receipt of contract performance or its part.

The Contractor's warranty period does not end before the warranty period granted by the Client to its contractual partner with respect to the Contractor's performance has ended. The Client also has the right of submitting to the Contractor demands regarding the latter's warranty obligations for 14 days after termination of the warranty period.

In contracting documentation, the warranty period is provided in years. The start and end of the warranty period are determined based on the conditions specified here and the actual warranty period may be longer than the indicated number of years.

### **7.4 Correcting warranty period faults**

The Contractor is required to correct any faults covered by warranty within three weeks after notification about the faults. However, urgent faults interfering with the developer's daily work must be repaired immediately. The schedule for elimination of faults impossible to correct within three weeks must be agreed with the Client. When correcting the faults, the Contractor must follow the Client's instructions.

If the faults are not repaired in the agreed schedule, the Contractor shall pay to the Client a contractual fine, 1000 €, for each beginning week. These contractual fines do not restrict the Contractor's other liability for damages or the Client's rights.

### **7.5 Post-warranty period liability in case of residential buildings**

In case of residential building projects, the Contractor remains responsible for its performance after the above-mentioned warranty period on the basis of Housing Transaction Act, Chapter 7, §2.

## **8. Sureties**

### **8.1 Contractor's surety for Client**

Only an absolute suretyship provided by a financial or insurance institution is acceptable as surety.

The building period surety is valued at 10% and the warranty period security at 2% of the contract price. The construction period surety must be valid for 3 months beyond the contract period, and the warranty period surety for 3 months beyond the warranty period. The client reserves the right to adjust the value of the warranty period surety in the final financial settlement to cover any additional and amendment work. If the validity period of the sureties needs to be extended for reasons not attributable to the Client, the Contractor is responsible for the costs incurred from extending the surety.

### **8.2 Client's obligation to deposit surety**

The Client does not deposit sureties.

## **9. Insurances**

### **9.1 Contractor's insurances**

The Contractor is required to have a valid operational liability insurance in the minimum sum insured of € 1 000 000 for physical as well as property damage, with maximum own

contribution of € 5000. When executing excavation and blasting works, the Contractor must have an excavation liability insurance.

The Contractor must provide a copy of the insurance certificate to the Client before starting the work. The Contractor shall ensure that the insurance protection covers not only the Contractor's own work but also all works performed by the subcontractors used by the Contractor or the subcontractor has to have their own equivalent operational liability insurance.

The Contractor is required to take accident insurances to its employees, which cover the damage caused by eventual workplace accidents and occupational diseases.

The Contractor's subcontractors must have equivalent insurances. If requested so, the Contractor must submit proof of the insurance also as regards all of the subcontractors used by it.

## **9.2 Payment of the own contribution of the building and installation work insurance**

The Contractor who has caused the damage, shall pay the own contribution of the building and installation work insurance.

# **10. Payment obligation**

## **10.1 Payment of contract price**

The first instalment or invoice cannot exceed 5% of the contract price. It cannot be paid out before holding of the kick-off meeting, approval of the Safe Job Analysis (SJA) or action plan prepared by the Contractor, commencement of works, granting of the surety for work period to the Client, signing of the contract and delivering the product approval documentation of identified materials.

The last instalment or invoice shall amount to at least 10% of the contract price. It shall be payable only after contractual works have been finished and delivered, all defects and non-conformances have been properly repaired as confirmed by re-inspection, the final settlement of accounts has been held, warranty period guarantee has been delivered, warranty deeds, maintenance manuals, and all quality documents have been delivered.

Besides that, the Contractor must consider occupational safety instalments, see section 10.2 Promoting occupational safety and occupational safety instalment.

If the instalment or invoice refers to construction goods that are in the Contractor's production facility or other premises, the Contractor is obliged to separate it from other goods and materials and mark it as the property of the Client after the instalment or invoice for the goods has been paid. Ownership of the goods corresponding to the instalment is transferred to the Client when the instalment has been paid. However, the Contractor is responsible for the goods during storage, transport, and installation, until the contract / work performance is accepted at the site.

A statement of completion of particular work stages mentioned on the invoice signed by the Client's supervisory staff has to be attached to the invoice together with quality documents. The Contractor must obtain daily approval for hourly work from Client's responsible manager or from any other Client's manager according to the procedure approved by responsible manager.

Invoicing for the contract and any additional or amendment work must always be done on separate invoices. Possible work performed on an hourly basis must not be combined with

contract invoices. The invoice and its breakdown must always clearly detail the specific service the invoice pertains to.

An invoice cannot be paid until all material and traceability certificates as well as product approval related statements have been delivered to the Client.

The Contractor has to invoice Skanska directly. Skanska will not accept intermediated invoices unless expressly otherwise agreed.

The Contractor must comply with the Client's invoicing instructions. Late payment interest in accordance with the Interest Act. The Contractor is responsible for any payment delays resulting from incorrect invoicing. Invoices must be sent no later than 5 weeks after the completion and billing eligibility of the service. The Client reserves the right not to pay invoices submitted after this deadline. The Contractor must present all their claims, with detailed grounds, at the latest during the acceptance inspection, and with detailed amounts at the latest during the final settlement meeting. The Client will not pay any claims/invoices that arise after the final financial settlement and its final account.

The Contractor agrees that payments from the Client are only payments and do not serve as a proof of having performed contract tasks in compliance with the contract.

## **10.2 Promoting occupational safety and occupational safety instalment**

The Client can reward the Contractor for promoting occupational safety, if the Contractor has demonstrated excellent occupational safety results.

- Besides following Client's occupational safety requirements specified in contracts, the Contractor has successfully contributed to improving site safety.
- Besides the training provided by Contractor to each of its employees, the Contractor has arranged as agreed safety briefing in the site.
- None of Contractor's employees has received a warning with regard to neglection of occupational safety or has been absent because of occupational accident.

Maximum amount of the occupation safety reward is 2,500 €.

Besides what has been mentioned in section 10.1 Payment of contract price, minimum amount of occupational safety instalment or invoice is 5% of contract price, still as minimum 5,000 €. This shall not be payable until possible contract penalties mentioned in section 3.1.5 Dealing with negligence and consequences have been taken care of. Such instalment or invoice retention shall not limit Contractor's other responsibilities as regards breach of contract. The safety installment can be divided into multiple parts, for example, by sections.

## **10.3 Withholdings**

In addition to what has been provided for elsewhere, the Client is entitled to withhold the following from the unpaid contract price:

- a. wages that the Client would have to pay pursuant to the applicable collective agreement if the Contractor should fail to pay wages to its employees;
- b. the share of the contract price related to the performance involving deficiencies with respect to CE marking requirements.

The Client is also entitled to the withholdings if the failures or damage caused by the Contractor are targeted against a project of a company belonging to the same group as the Client in Finland.



## 11. Design and price changes, actual volumes

### 11.1 Agreement on additional and amendment works

The Contractor shall immediately inform the Client of any changes or deficiencies in the designs requiring additional and amendment works.

Additional and amendment works must be agreed upon in writing prior to works commencement with the authorised Client's representative. If additional or amendment works have not been agreed upon in writing prior to works commencement, the Contractor shall not be entitled to additional compensation for the work or prolongation of the performance period.

By way of exemption, minor and urgent changes may be ordered in compliance with YSE 1998 conditions by the Client's representative holding the respective authority as expressly specified in the contract for services.

### 11.2 Approval of actual volumes and hourly work

The Contractor shall check the volumes of ordered additional and amendment works determined based on unit price and cost price or other final price with the Client's site management daily. Additional compensation for overtime will not be paid unless agreed upon beforehand with the Client.

Hourly work performed must always be itemized. The itemization must clearly indicate the work it pertains to, the building and floor or area where it was performed, and who ordered it. Only one person's hours may be recorded on a single hourly itemization form. The Client reserves the right not to accept hourly work recorded in any other manner.

Hourly itemization forms must be approved daily by the Client's site management. The Client reserves the right not to accept hours submitted late.

Additionally, the Contractor must follow any project-specific instructions given by the Client regarding the approval of hourly work and itemize the hours using the Client's hourly itemization form, if one is in use.

Information obtained from the access control system may be used to verify the accuracy of the hours reported by the Contractor. If the reported hours differ from the information obtained from the system, the Contractor must provide a written explanation. The Client reserves the right not to pay for hours that are not recorded in the access control system or do not match it. Furthermore, the Client reserves the right to retroactively dispute and request reimbursement for already approved and invoiced hours if the access control system data differs from the invoiced hours.

## 12. Meetings and inspections

### 12.1 Deliveries according to the Housing Transactions Act

In addition to reviews and audits pursuant to YSE, the Contractor shall participate in deliveries and inspections according to the Housing Transactions Act.

## 13. Handover

### 13.1 Handover plan

At the Client's request, the Contractor is obliged to participate in drawing up of the handover plan and commits to following the plan. During the handover stage, the agreed sections will

be fully completed one at a time. The handover will be performed the jointly agreed area at a time. The Contractor will correct all errors and shortages pointed out by the Client, the developer and/or the occupants without delay. No errors may be found during the follow-up investigation. The Client has the right to submit claims for defects reported by the builder and / or residents to the Contractor, identified within two weeks of handover of the entire project, even if the contract would have already been handed over.

## 14. Client's right to terminate the contract

### 14.1 Breach of contract by Contractor

#### 14.1.1 Contractor's delay

The Client shall have the right of cancelling the Contract if the Contractor fails to comply with the agreed schedule or working efficiency (unit/time).

#### 14.1.2 Contractor's failure to comply with contract

The Client shall have the right of cancelling the contract on the basis of the General Conditions for Building Contracts YSE 1998 and in addition if the Contractor:

1. violates the requirements of the Client's Supplier Code of Conduct;
2. repeatedly or substantially neglects quality assurance measures or the work performance or material is qualitatively unacceptable
3. works on the site without a Safe Job Analyses (SJA), or in violation of it, or starts the work phase without agreeing it with the Client's management, or otherwise violates occupational safety regulations at the site in question or at another Skanska site;
4. violates regulations related to use of subcontractors and employees:
  - a. by failing to co-ordinate a subcontractor with the Client;
  - b. by failing to submit an appropriate residence permit for a person employed by the Contractor or a statement confirming that such a permit is not required;
  - c. by failing to appoint a representative for foreign employees, to notify about a new representative, or to take care of the representative's tasks;
  - d. in some other way of comparable significance;
5. fails to submit reports provided for in the Act on the Contractor's Obligations and Liability in Finnish or English as specified under item 3.1.3;
6. fails to submit certificates and specifications proving suitability of products (for example CE marking) within two weeks of the agreed date;
7. neglects its obligations as an employer:
  - a. by failing to observe the relevant collective agreement in employment relations between the Contractor and its employees;
  - b. by not paying its employees their wages in time;
  - c. because of Contractor's fault the site is under the threat of being shut down;
  - d. in some other way of comparable significance.

Before cancelling the contract, the Client submits prior notification of the possible cancellation and a deadline for rectifying the situation. As a result of a serious breach of the contract, the Client has the right to cancel the contract without prior notification of the possible cancellation.

#### Consequences

If the Client should cancel the contract under circumstances specified above, the Contractor shall compensate to the Client for all expenses arising from contract cancellation that exceed the agreed contract price on contract completion, as well as for

any other damage suffered by the Client due to the Contractor's actions or contract cancellation.

#### *14.1.3 Developer's insolvency*

The Client shall have the right of cancelling the contract if the developer is declared bankrupt or is otherwise noticed to be in such condition that the fulfilment of its contractual payment obligations to the Client cannot be expected.

The Client shall notify the Contractor about the developer's insolvency in writing. After such notification, the Client has the right of immediately terminating the works at the site and cancelling the contract.

If the Client cancels the contract under aforementioned circumstances, the Client is obligated to compensate the Contractor the proportion of the total contract price that corresponds to the volume of work performed before the cancellation. The Contractor is not entitled to any other compensation or reimbursement from the Client.

### **14.2 Sanctions**

The Contractor represents, assures and shall be responsible for ensuring that the Contractor and its owners, up to and including its beneficial owner(s) are not subject to sanctions or export restrictions imposed by the UN, the EU, the UK or the US, either directly or through ownership or control, or subject to similar measures imposed by other actors.

The Contractor represents, assures and is responsible for not using construction products or subcontractors that are subject to the sanctions or restrictions mentioned above.

The Contractor undertakes to inform immediately, if these representations are no longer accurate.

In case the representation is no longer accurate or if the Contractor otherwise violates any of its obligations under this term, Skanska has the right to terminate the agreement or, in its sole discretion, suspend its performance for the duration of the relevant sanctions. The Contractor is aware that in that situation, payments to the Contractor may be prevented or delayed and Skanska may be otherwise prevented from performing its obligation under this Agreement. In such a situation, the Contractor is not entitled to receive any penalty interests or any other compensation or damages from Skanska.

## **15. Personal details and confidential information**

The Contractor shall not have the right of using the personal or confidential information of Skanska, its partners or customers disclosed to it for any other purpose than fulfilling its contractual obligations. The secrecy obligation with respect to confidential information or personal details shall be preserved also after termination of the contract.

#### Processing of personal details and data protection

Skanska collects, stores, and otherwise processes the personal data of its contractual partners, stakeholders' representatives, and employees as part of contract execution, customer relationship management, and fulfilling its statutory obligations. The Contractor is responsible for ensuring that it has a legal basis under data protection legislation to provide the personal data of its representatives and employees to Skanska for the purpose of cooperation and contract implementation.

Skanska processes personal data in accordance with the applicable data protection legislation and its data protection policy. More information about the processing of personal

data in Skanska's projects, construction sites, and other business relationships can be found on [Skanska's website](#).

If the Contractor processes personal data on behalf of Skanska or otherwise becomes aware of the personal data of Skanska's staff or customers, the data must be processed in accordance with the applicable data protection legislation and Skanska's data processing agreement, which with its terms forms part of the contract.

[The Data Processing Agreement](#) is available on [Skanska's website](#).

In the event of conflicts between the master contract and the Data Processing Agreement, the terms and conditions of the Data Processing Agreement shall primarily apply.

### Confidential information

Within the framework of contract execution, Skanska's confidential information may be disclosed to the Contractor. Confidential information refers to all non-public information related to Skanska's business that concerns the following of Skanska, its co-operation partners or customers:

- customer or personnel information;
- business, operation, and production practices;
- information that is not or has not been publicly available;
- information disclosed to the Contractor in connection with the contract;
- information of such nature that the Contractor had or should have had identified it as confidential.

The Contractor undertakes to process and store confidential information received from Skanska with special care, ensuring that confidentiality of the information is not endangered at any stage, and apply at least the same means and care upon protection of confidential information as applied by the Contractor upon protection of its own confidential information. The Contractor shall not transfer, disclose or submit Skanska's confidential information to third parties, including such employees of the Contractor who do not need the confidential information for the performance of their contractual tasks, without Skanska's prior written consent. If disclosure of information to third parties is inevitable for the performance of the contract, the Contractor shall make sure that the third party undertakes to maintain the confidentiality of the information.

## 16. Disputes and resolution thereof

### 16.1 Applicable law

The Agreement and any non-contractual obligations arising out of or in connection with it including any question regarding its existence, validity or termination, shall in all respects be governed by and construed in accordance with the law of Finland, to the exclusion of its conflict of law rules. The Sale of Goods Act 1979 shall not apply to the Agreement.

### 16.2 Resolution of disputes

Any disputes resulting from, or related to, this contract for services that the parties fail to resolve by way of negotiations shall be resolved by a single-member court of arbitration in accordance with the valid law of arbitration.

Language of the arbitration is Finnish, but the official documents, evidence, and hearing of witnesses may be either in Finnish, Swedish or English.

The confidentiality concerns the arbitration process as well as the arbitration award.

The arbitration shall take place in the city of Helsinki.