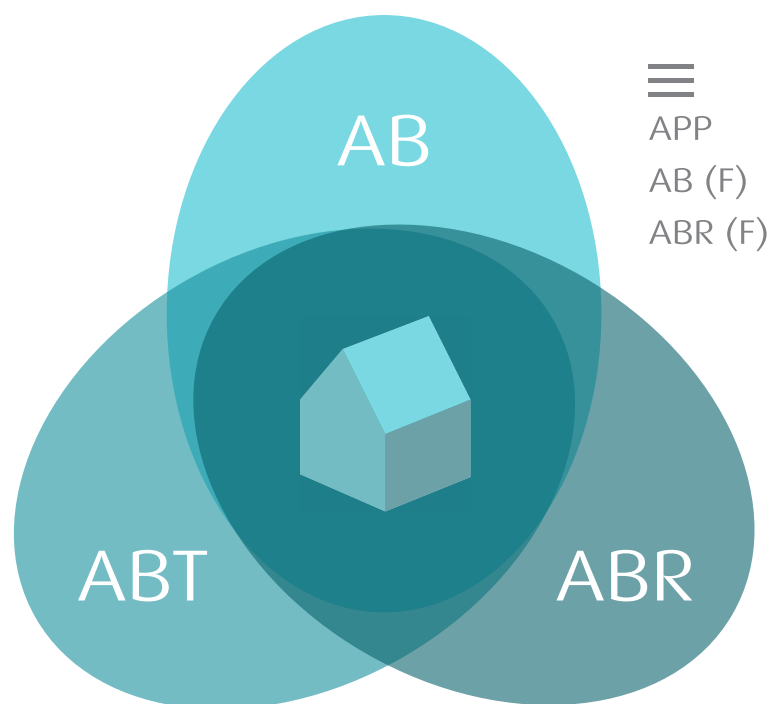


Catalogue of optional provisions

concerning incentives in
contracts on building and
construction works
(APP Incentives)



This 'Catalogue of optional provisions concerning incentives in contracts on building and construction works' (APP Incentives) relating to the General conditions for building and construction works and supplies (AB 18), the General conditions for design and build contracts (ABT 18) and the General conditions for consultancy services for building and construction works (ABR 18) has been prepared by a committee appointed by the Minister for Climate, Energy and Building in accordance with Report 1570 issued on 21 June 2018, comprising representatives of the following organisations:

- **BL, Danmarks Almene Boliger**
BL – Danish Social Housing
- **Bygherreforeningen**
Danish Association of Construction Clients
- **Bygningsstyrelsen**
Danish Building and Property Agency
- **Danske Arkitektvirksomheder**
Danish Association of Architectural Firms
- **Dansk Byggeri**
Danish Construction Association
- **Danske Regioner**
Danish Regions
- **Dansk Industri**
Confederation of Danish Industry
- **Foreningen af Rådgivende Ingeniører**
Danish Association of Consulting Engineers
- **Kommunernes Landsforening**
Local Government Denmark
- **Kooperationen**
Danish Cooperative Employers' Association
- **SMVdanmark (tidligere Håndværksrådet)**
SMEdenmark (formerly the Danish Federation of Small and Mediumsized Enterprises)
- **TEKNIQ**
TEKNIQ - Danish Mechanical and Electrical Contractors' Association
- **Vejdirektoratet**
Danish Road Directorate
- **Voldgiftsnævnet for bygge og anlægsvirksomhed**
Danish Building and Construction Arbitration Board

Prevailing Language

The Danish language version of these general conditions shall be controlling in all respects and shall prevail in case of any inconsistencies with translated versions.

English version published 17 December 2018

Optional provisions that may be added to AB 18

Clause 1 Bonus in the event of unused reserves for contingencies

Subclause (1) If the client has set aside an amount for expenses resulting from unforeseeable circumstances occurring during the building and construction work, and such amount is not fully spent, the contractor is entitled to a bonus corresponding to a share of the unused amount set aside. The construction contract must state the size of such share. The client decides whether or not to use part of the amount set aside to cover expenses incurred as a result of an unforeseeable circumstance. The client calculates the bonus on the basis of the final account for all the building and construction works once the account has been prepared, although not later than two months after the contractor has submitted the contractor's final account. The bonus is payable once it has been calculated, all the building and construction works have been handed over and all defects identified at handover have been rectified.

Clause 2 Bonus for cost reductions

Subclause (1) If the contractor presents a proposal for optimisation that is approved by the client and results in cost reductions for the client, the contractor is entitled to a bonus corresponding to a share of the cost reductions obtained by the client through the realisation of the proposal. The construction contract must state the size of such share. The client decides whether or not to approve the proposal. The conditions for obtaining a bonus must be met at handover. The contractor must include bonuses in the final account.

Clause 3 Bonus for no defects at handover at the date agreed

Subclause (1) If the contractor hands over the works without defects at the handover date agreed, the contractor is entitled to a bonus in an amount set out in the construction contract. In the assessment of whether the works are handed over without defects, non-material defects that are rectified within ten working days after handover without causing inconvenience to the client are not taken into account. The client decides whether any defects identified are non-material and whether rectification has caused inconvenience. The contractor must include bonuses in the final account.

Clause 4 Bonus for no defects at handover before the date agreed

Subclause (1) If the contractor hands over the works without defects before the handover date agreed, the contractor is entitled to a bonus in an amount per working day set out in the construction contract. The bonus may not exceed a total amount specified in the construction contract. In the assessment of whether the works are handed over without defects, non-material defects that are rectified within ten working days after handover without causing inconvenience to the client are not taken into account. The client decides whether any defects identified are non-material and whether rectification has caused inconvenience. The contractor must include bonuses in the final account.

Clause 5 Bonus for retention of key employee

Subclause (1) The contractor is entitled to a bonus if specific key employees are retained throughout the period in which their positions are required. The construction contract must state the names of such key employees, the period in which their positions are required and the size of the bonus. Entitlement to a bonus is conditional upon the employees in question being retained in the position specified to the extent stated throughout the period in which their positions are required. The contractor must include bonuses in the final account.

Clause 6 Bonus for no workplace injuries

Subclause (1) If no workplace injuries occur as a result of accidents during the contractor's

execution of the works up to the handover date, the contractor is entitled to a bonus in an amount specified in the construction contract. The contractor must include bonuses in the final account.

Optional provisions that may be added to ABT 18

Clause 1 Bonus in the event of unused reserves for contingencies

Subclause (1) If the client has set aside an amount for expenses resulting from unforeseeable circumstances occurring during the building and construction work, and such amount is not fully spent, the contractor is entitled to a bonus corresponding to a share of the unused amount set aside. The design and build contract must state the size of such share. The client decides whether or not to use part of the amount set aside to cover expenses incurred as a result of an unforeseeable circumstance. The client calculates the bonus on the basis of the final account for all the building and construction works once the account has been prepared, although not later than two months after handover of all building and construction works. The bonus is payable once it has been calculated, all the building and construction works have been handed over and all defects identified at handover have been rectified.

Clause 2 Bonus for cost reductions

Subclause (1) If the contractor presents a proposal for optimisation that is approved by the client and results in cost reductions for the client, the contractor is entitled to a bonus corresponding to a share of the cost reductions obtained by the client through the realisation of the proposal. The design and build contract must state the size of such share. The client decides whether or not to approve the proposal. The conditions for obtaining a bonus must be met at handover. The contractor must include bonuses in the final account.

Clause 3 Bonus for no defects at handover at the date agreed

Subclause (1) If the contractor hands over the works without defects at the handover date agreed, the contractor is entitled to a bonus in an amount set out in the design and build contract. In the assessment of whether the works are handed over without defects, non-material defects that are rectified within ten working days after handover without causing inconvenience to the client are not taken into account. The client decides whether any defects identified are non-material and whether rectification has caused inconvenience. The contractor must include bonuses in the final account.

Clause 4 Bonus for no defects at handover before the date agreed

Subclause (1) If the contractor hands over the works without defects before the handover date agreed, the contractor is entitled to a bonus in an amount per working day set out in the design and build contract. The bonus may not exceed a total amount specified in the design and build contract. In the assessment of whether the works are handed over without defects, non-material defects that are rectified within ten working days after handover without causing inconvenience to the client are not taken into account. The client decides whether any defects identified are non-material and whether rectification has caused inconvenience. The contractor must include bonuses in the final account.

Clause 5 Bonus for retention of key employee

Subclause (1) The contractor is entitled to a bonus if specific key employees are retained throughout the period in which their positions are required. The design and build contract must state the names of such key employees, the period in which their positions are required and the size of the bonus. Entitlement to a bonus is conditional upon the employees in question being retained in the position specified to the extent stated throughout the period in which their positions are required. The contractor must include bonuses in the final account.

Clause 6 Bonus for no workplace injuries

Subclause (1) If no workplace injuries occur as a result of accidents during the contractor's execution of the works up to the handover date, the contractor is entitled to a bonus in an amount specified in the design and build contract. The contractor must include bonuses in the final account.

Optional provisions that may be added to ABR 18**Clause 1 Bonus in the event of unused reserves for contingencies**

Subclause (1) If the client has set aside an amount for expenses resulting from unforeseeable circumstances occurring during the building and construction work, and such amount is not fully spent, the consultant is entitled to a bonus corresponding to a share of the unused amount set aside. The consultancy contract must state the size of such share. The client decides whether or not to use part of the amount set aside to cover expenses incurred as a result of an unforeseeable circumstance. The client calculates the bonus on the basis of the final account for all the building and construction works once the account has been prepared, although not later than two months after handover of all building and construction works. The bonus is payable once it has been calculated, all the building and construction works have been handed over and all defects identified at handover have been rectified.

Clause 2 Bonus for timely submission of tender design

Subclause (1) If the consultant submits the tender design at the date agreed, the consultant is entitled to a bonus in an amount stated in the consultancy contract. The bonus is conditional upon the client's approval of the tender design after the consultant's incorporation of all client instructions and upon all regulatory approvals having been obtained and presented to the client before submission of the tender design. The client decides whether the tender design can be approved or not. The bonus is payable together with the first payment instalment after submission of the design material.

Clause 3 Bonus for retention of key employee

Subclause (1) The consultant is entitled to a bonus if specific key employees are retained throughout the period in which their positions are required. The consultancy contract must state the names of such key employees, the period in which their positions are required and the size of the bonus. Entitlement to a bonus is conditional upon the employees in question being retained in the position specified to the extent stated throughout the period in which their positions are required. The consultant must include bonuses in the final account, but the amount is not payable until the handover of all building and construction works at the earliest.

Clause 4 Bonus for no workplace injuries

Subclause (1) If no workplace injuries occur as a result of accidents during the contractor's execution of the works up to the handover date, the consultant is entitled to a bonus in an amount specified in the consultancy contract. The consultant must include bonuses in the final account, but bonuses are not payable until the handover of all building and construction works at the earliest.