

RETENTION BOND

THIS **GUARANTEE BOND** is made as a deed BETWEEN the following parties whose names and registered office addresses are set out in the schedule to this Bond (the "**Schedule**"):-

- (1) The "**Contractor**" as principal
- (2) The "**Guarantor**" as guarantor, and
- (3) The "**Employer**"

WHEREAS

- (1) By a contract (the "**Contract**") entered into or to be entered into between the **Employer** and the **Contractor** (particulars of which are set out in the **Schedule**) the **Contractor** has agreed with the **Employer** to execute works (the "**Works**") upon and subject to the terms and conditions therein set out
- (2) The **Employer** has agreed that in consideration of the provision of this **Guarantee Bond** it will not make any deduction of sums by way of retention that it could otherwise make under the terms and conditions of the **Contract** from payments due to the **Contractor** ("Retention")
- (3) The **Guarantor** has agreed with the **Employer** at the request of the **Contractor** to guarantee the performance of the obligations of the **Contractor** under the **Contract** upon the terms and conditions of this **Guarantee Bond** subject to the limitations set out below.

NOW THIS DEED WITNESSES as follows:-

1. The **Guarantor** guarantees to the **Employer** that in the event of a breach of the **Contract** by the **Contractor** the **Guarantor** shall subject to the provisions of this **Guarantee Bond** satisfy and discharge the damages sustained by the **Employer** as established and ascertained pursuant to and in accordance with the provisions of or by reference to the **Contract** and taking into account all sums due or to become due to the **Contractor**
2. The maximum aggregate liability of the **Guarantor** under this **Guarantee Bond** shall not at any point in time exceed the amount that the **Employer**, but for the provision of this **Guarantee Bond**, would be entitled to hold by way of Retention at that time and shall not in any event exceed the sum set out in the **Schedule** (the "**Bond Amount**") but subject to this, the limitation set out in clause 3 and to clause 5 the liability of the **Guarantor** shall be co-extensive with the liability of the **Contractor** under the **Contract**.
3. No liability shall arise under this **Guarantee Bond** in respect of any decision of an adjudicator in determination of any dispute arising under the **Contract** unless the **Guarantor** shall have received, as if a party to the **Contract** and to the relevant dispute, written notice of the referring party's intention to refer the dispute to adjudication and a copy of the relevant notice of referral to adjudication accompanied by copies of the **Contract** and all other documents to be relied upon by the referring party.
4. The **Guarantor** shall not be discharged or released by any alteration of any of the terms conditions and provisions of the **Contract** or in the extent or nature of the **Works** and no allowance of time by the **Employer** under or in respect of the **Contract** or the **Works** shall in any way release reduce or affect the liability of the **Guarantor** under this **Guarantee Bond**.
5. Whether or not this **Guarantee Bond** shall be returned to the **Guarantor** the obligations of the **Guarantor** under this **Guarantee Bond** shall be released and discharged absolutely upon **Expiry** (as defined in the **Schedule**) save in respect of any breach of the **Contract** which has occurred and in respect of which a claim in writing containing particulars of such breach has been made upon the **Guarantor** before **Expiry**.

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6. The **Contractor** having requested the execution of this **Guarantee Bond** by the **Guarantor** undertakes to the **Guarantor** (without limitation of any other rights and remedies of the **Employer** or the **Guarantor** against the **Contractor**) to perform and discharge the obligations on its part set out in the **Contract**.
7. This **Guarantee Bond** and the benefit thereof shall not be assigned without the prior written consent of the **Guarantor** and the **Contractor**.
8. This **Guarantee Bond** shall be governed by and construed in accordance with the laws of England and Wales and only the courts of England and Wales shall have jurisdiction hereunder

THE SCHEDULE

Contractor: [] whose registered office address is at []
Guarantor: **Euler Hermes SA (NV)** whose address for service is care of its registered branch Euler Hermes UK, 1 Canada Square, London, E14 5DX.
Employer: [] whose registered office address is at []
Contract: A contract dated [] for the construction of works [] comprising [] (the "**Works**")
Bond Amount: [£] () *[insert any provisions for reduction of **Bond Amount**]*
Expiry: *[Insert details of the event agreed between the parties]* which shall be conclusive for the purposes of this **Guarantee Bond**.

IN WITNESS whereof the Guarantor and the Contractor have executed and delivered this Guarantee Bond as a Deed this [] day of []

EXECUTED AND DELIVERED as a Deed by
[]
in the presence of:

Director:

Secretary:

Executed as a deed on behalf of Euler Hermes SA (NV), a company incorporated in Belgium,

by: _____
(Print Name) (Signature)

and: _____
(Print Name) (Signature)

being persons who, in accordance with the laws of that territory, are acting under the authority of the company.