Funded by the European Union

TEMPLATE SPRING 2025
PLEASE NOTE: THE CONTENTS OF THIS DOCUMENT MAY CHANGE

Subgrant Agreement

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The Parties:

This subgrant agreement is concluded between:

A. EIT Food IVZW, an international non-profit organization incorporated under the laws of Belgium, having its registered address at Philipssite 5, Ubicenter A bus 34, 3001 Leuven, Belgium, registered at the Crossroads bank for Enterprises with number 0672.423.992, Register of Legal Entities Leuven, hereby represented by its authorized representative Benoit Buntinx in his capacity of Director Business Creation and Richard Zaltzman in his capacity of CEO.

   hereinafter referred to as '**EIT Food**';

   And

B. [Enterprise name and legal form], a corporation incorporated under the laws of [applicable laws], having its registered address at [address], registered with the enterprise number [number], hereby represented by its authorized representative [name], in [his/her] capacity of [function],

hereinafter referred to as the '**Subgrantee**'.

The EIT Food and the Subgrantee are hereinafter together referred to as the '**Parties**', and individually as a '**Party**'.

Whereas:

A. The European Institute of Innovation and Technology (**'EIT'**) on the one hand and EIT Food (hereinafter also referred to as **'KIC LE'**) (and other Knowledge and Innovation Community Partners) on the other hand have entered into the Partnership Agreement ("PA") with the European Institute of Innovation and Technology ("EIT"), for a duration of 4 years, with the effective date of January 1, 2021 laying down the general terms and conditions under which the KIC LE must operate as an Institutionalized European Partnership. The KIC LE also has entered enter into the Grant Agreement ("GA") with the EIT for the year 2021 ("Relevant Year"), laying down the provisions concerning the implementation of the KIC Business Plan through grants.

B. The Subgrantee has been selected for the Proof-of-Concept Co-financing instrument as part of Corporate Venturing Services (hereinafter referred to as the '**Programme**', KAVA number: 23769 and has been deemed eligible to receive financial support from EIT Food as result of an evaluation process with independent experts (hereinafter referred to as the **'Subgrant'**). The activities that will be performed by the Subgrantee are set forth in Annex A and are based on the proposal submitted to EIT Food under the Programme terms and conditions (hereinafter referred to as the '**Programme Terms and Conditions**').

C. EIT Food is willing to provide financial support to the Subgrantee for activities of the Subgrantee and the Subgrantee would like to receive such Subgrant from EIT Food under the terms and conditions of article 18 and 6 the Grant Agreement, the Programme Terms and Conditions and the terms and conditions of this agreement (hereinafter referred to as the '**Agreement**').

Parties have agreed the following:

1. Duration

The implementation of the Subgrant and this Agreement shall enter into force on XXX and (subject to the provisions for termination set out below in clause 4) shall run until XXX.

The Subgrantee will take part in the Programme as further detailed in Annex A to this Agreement. The Subgrantee shall execute the tasks mentioned in Annex A and B

2. Subgrant

a. Subgrant

The Subgrant will consist of [a lump sum] or [pre-financed and actual cost] as indicated in Annex B.

Only applicable for project costs which exceed 60.000€: The Subgrant will cover 90% of the eligible costs (see further details below in point b) for the maximum amount of €100.000 euro provided that a final cost report is provided.

b. Specific conditions/purpose of the Subgrant

In order to receive the Subgrant mentioned in clause 2.a above, the costs should be in compliance with the following principles:

- be actually incurred by the Subgrantee (no estimated/imputed/budgeted costs);

- be incurred in the implementation period as defined in clause 1 of this Agreement;

- be included in the Project Plan and Budget;

- be incurred in connection with the action and purposes running from XXX to XXX as detailed in Annex A and the project plan of the Subgrantee and necessary for its implementation;

- be identifiable and verifiable and recorded in the Subgrantee's accounts in accordance with the applicable accounting standards and usual cost accounting practices;

- comply with the applicable national laws on taxes, labour and social security; and

- be reasonable and justified and comply with the principle of sound financial management (in particular regarding economy and efficiency).

EIT Food will analyse such costs, taken into account the principles of the article 6 and 18 of the MGA and the applicable EU, international and national laws and regulations such as the Horizon Europe Regulation. Further information is also available at the Subgrantee's first request.

The Subgrantee shall periodically submit reports to EIT Food and this in accordance with the following time lines:

- Final subgrant milestone report(s) and cost report(s) due by the end of the project in XXX

- The report should be drafted in the format of the template which shall be provided by EIT Food

The Subgrantee agrees to ensure that all information will be full, reliable and true.

The Subgrantee shall also cooperate with ad hoc requests for information of EIT Food.

c. Payment date(s)

The Subgrant will be paid as follows:

a/ an amount of X.XX euro (€ X.XX) will be paid within 30 days after the signing of this Agreement;

b/ an amount of X.XX euro (€ X.XX) will be paid within 30 days after submission and validation of the final cost report within the deadline mentioned above on the condition that EIT Food has accepted the intermediate reports.

No payment will be done by EIT Food if no sufficient evidence documentation is presented by the Subgrantee.

d. Payment method

The Subgrant will be paid based on the bank account details provided by the Subgrantee through the Subgrantee Information Form. It is the responsibility of the Subgrantee to inform EIT Food of any changes to those details.

e. Taxes

The Subgrant will be subject to taxation (as applicable to grants) in accordance with the laws and regulations applicable to the Subgrantee and EIT Food.

f. Currency risk

As a European organization, all the payments of EIT Food are made in euro and the Subgrantee will bear the exchange rate risks and costs related to international transfers (if applicable). If needed, the amounts will be converted in accordance with EIT Food's usual accounting practices.

3. General obligations of the Subgrantee

a. Eligibility

The Subgrantee will comply at all times with the generic eligibility as the eligibility and selection requirements of the specific Programme Terms and Conditions.

b. Compliance

The Subgrantee will at all times comply with the general Programme Terms and the GA. The Subgrantee shall adhere in the execution of this Agreement to all applicable laws, rules and regulations, including, but not limited to safety, security, welfare, social security and fiscal laws, rules and regulations. Especially, Subgrantee shall not be entitled to act or to make legally binding declarations on behalf of EIT Food or EIT and shall indemnify all of the latter from any third-party claim resulting from a breach of these obligations.

The Subgrantee shall retain all records and supporting documentation related to this Agreement for a period of five (5) years following the final payment, or for a longer duration if required under applicable laws or ongoing investigations. In the event that the Subgrantee fails to maintain such records, EIT Food shall have the right to recover any funds disbursed under this Agreement and to disqualify the Subgrantee from participating in future funding opportunities. Furthermore, EIT Food retains the right to conduct audits of the Subgrantee's records, with reasonable notice, to verify compliance with the terms of this Agreement.

The Subgrantee acknowledges and agrees that some obligations imposed on EIT Food (and the KIC (being the EIT Food Knowledge and Innovation Community) Partners) following the PA and the GA are also applicable to the Subgrantee and Subgrantee shall do everything that is necessary in order to enable EIT Food to comply with these obligations. More specifically the Subgrantee agrees to comply with the clauses mentioned 6, 12, 13, 14, 17, 18, 19, 20 25, 26 and 33 of the GA as set out in Annex C of this Agreement related to inter alia:

- Checks, reviews, audits and investigations – extension of findings
- Eligible and Ineligible Costs and Contributions
- Information
- Record Keeping
- Conflicts of interests
- Confidentiality and Security
- Ethics and Values
- Communication, Dissemination and Visibility
- Liability for Damages

4. Termination of this Agreement

Each Party can terminate this Agreement with immediate effect through written notice to the other Party:

- if the other Party is in breach of any of its material obligations under this Agreement, which breach is not remediable, or, if remediable, has not been remedied within thirty (30) days after written notice to that effect from the party not in breach; or

- if the other Party is declared bankrupt, is being wound up, is having its affairs administered by the courts, has entered into an arrangement with its creditors, has suspended business activities, or is the subject of any other similar proceeding concerning those matters; or

- if the other Party is subject to an Event of Force Majeure, which prevents the other Party from correct performance of its obligations hereunder and such circumstances have lasted, or can reasonably be expected to last more than 1 month; or

- If the Subgrantee does not fulfil its obligations following the application.

Clause 3, 6, 7, 8, 9, 10, 11, 12 and 13 of this Agreement will survive termination of this Agreement, as well as all other clauses that should survive termination of this Agreement due to their nature.

5. Non-exclusivity

The collaboration between EIT Food and the Subgrantee under this Agreement shall not prevent EIT Food to cooperate with other startups or scaleups, whether or not active in the same field as the Subgrantee.

6. Contact persons

In case of questions, the following contact person of EIT Food may be reached:

Contact person: Christoph Mandl

Email address: christoph.mandl@eitfood.eu

7. Severance

In the event that any provision or part of any provision of this Agreement would be found invalid, illegal or unenforceable, in whole or in part, this shall not affect the remaining parts of provisions of the Agreement which shall continue in full force and effect, as if the invalid, illegal or unenforceable provision had never been contained herein. In such event, Parties will undertake to agree a new or amended provision that embodies as closely as possible the purpose of the invalid, illegal or unenforceable provision(s). The same shall apply in case of a gap.

8. Intellectual Property ('IP')

Any background IP will remain the property of the Party who has developed such background IP. The IP and results generated by a Party under this Agreement will remain the property of the Party generating the same. The Subgrantee declares and agrees not to infringe any IP of third parties.

9. Liability

The liability of EIT Food under this Agreement shall in any case be limited to the amount of the Subgrant provided to Subgrantee hereunder and EIT Food shall not in any case be liable for any indirect or consequential damages. This limitation of liability shall not apply in cases of willful intent.

The Subgrantee shall fully and exclusively bear the risks in connection with the actions for which financial support is granted by EIT Food. The Subgrantee shall indemnify EIT Food and EIT for all damages, penalties, costs and expenses which EIT Food or EIT as a result thereof would incur or have to pay to EIT or any third parties with respect to such financially supported activities and/or for any damage in general which EIT Food or EIT incurs as a result thereof. In addition, should the EIT, in accordance with the GA, have a right to recovery regarding the subgrant under this Agreement, the Subgrantee shall pay the sums in question in the terms and the date specified by EIT Food, in execution of any request formulated by EIT Food or the EIT. Moreover the Subgrantee shall indemnify and hold EIT Food and the EIT, their respective officers, directors, employees and agents harmless from and against all repayments, loss, liability, costs, charges, claims or damages that result from or arising out of any such recovery action.

10. Confidentiality

All information of whatever nature and in whatever form or mode of communication, which is disclosed by a Party (the '**Disclosing Party'**) to another Party (the '**Recipient**') in connection with the activities as described in Annex A during its implementation and which has been explicitly marked as **'confidential'** at the time of disclosure, or when disclosed orally has been identified as confidential at the time of disclosure and has been confirmed and designated in writing within fifteen (15) calendar days from oral disclosure at the latest as confidential information by the Disclosing Party, is **'Confidential Information'**.

The Recipients hereby undertake for the duration of this agreement and a period of 4 years after the end of this Agreement:

- not to use Confidential Information otherwise than for the purpose for which it was disclosed;

- not to disclose Confidential Information to any third party without the prior written consent by the Disclosing Party;

- to ensure that internal distribution of Confidential Information by a Recipient to its employees shall take place on a strict need-to-know basis; and

- to return to the Disclosing Party on demand all Confidential Information which has been supplied to or acquired by the Recipients including all copies thereof and to delete all information stored in a machine-readable form.

The above shall not apply for disclosure or use of Confidential Information, if and in so far as the Recipient can show that:

- the Confidential Information becomes publicly available by means other than a breach of the Recipient's confidentiality obligations;

- the Confidential Information is communicated to the Recipient without any obligation of confidence by a third party;

- the Confidential Information, at any time, was developed by the Recipient completely independently of any such disclosure by the Disclosing Party; or

- the Confidential Information was already known to the Recipient prior to disclosure or

- the Recipient is required to disclose the Confidential Information in order to comply with applicable laws or regulations or with a court or administrative order subject to the provisions below.

The Recipient shall apply the same degree of care with regard to the Confidential Information disclosed within the scope of the Agreement as with its own confidential information, but in no case less than reasonable care.

Either Recipient or Disclosing Party shall promptly advise the other Recipient or Disclosing Party in writing of any unauthorized disclosure, misappropriation or misuse of Confidential Information after it becomes aware of such unauthorized disclosure, misappropriation or misuse.

If a Recipient becomes aware that it will be required to disclose Confidential Information in order to comply with applicable laws or regulations or with a court or administrative order, it shall, to the extent it is lawfully able to do so, prior to any such disclosure:

- notify the Disclosing Party of said request, and

- comply to the extent possible with the Disclosing Party's reasonable instructions to protect the confidentiality of the information at the Disclosing Party's expense, and make such disclosure only to the extent it is compelled.

As far as EIT Food is concerned, disclosure of Confidential Information shall be governed by the terms of the GA and PA.

11. Miscellaneous provisions

a. Waiver

Waiver of any provision herein shall not be deemed a waiver of any other provision, nor shall waiver of any beach hereunder be construed as a continuing waiver of other breaches of the same or other provisions herein, nor in any way affect the validity of the whole or any part of this Agreement nor prejudice a Party's rights to take subsequent action including judicial remedies.

b. Amendment

Any amendment to this Agreement, as well as any additions or omissions, can only be agreed in writing between the Parties.

c. Headings

The headings used in this Agreement are for convenience only and will not create any rights or obligations or affect the meaning or interpretation of this Agreement.

d. Transfer or assignment

Neither Party shall assign or transfer any of its rights or obligations under this Agreement, in whole or in part, to any third party without the prior written consent of the other Party except for EIT Food's option to assign this Agreement to an affiliate by means of intra-group assignment, as long as EIT Food informs the Subgrantee in writing as soon as reasonably possible. For the avoidance of doubt, EIT Food may rely on the personnel of its affiliates to perform this Agreement. This Agreement is not a subcontract and is not governed by a procurement or invoicing process.

e. Costs

Each Party shall bear its own costs (including lawyer's fee and other expenses) incurred in the preparation and negotiation of this Agreement.

f. Counterparts

This Agreement is executed in separate copies, each of which is deemed an original and all of which taken together constitute the same Agreement.

g. Publicity – Visibility of the EU Funding

Publicity by the Subgrantee

The Subgrantee must support the promotion of EIT Food, by providing targeted information in a strategic and effective manner.

Unless EIT Food or the EIT requests or agrees otherwise or unless it is impossible, Subgrantee must:

- display the EIT Food logo with the EU emblem as detailed in article 17 GA on its website and any communication activity related to the project; and
- include the following text: "[Name of Subgrantee] is funded by EIT Food, supported by the European Institute of Innovation and Technology (EIT)"

When displayed together with another logo, the EIT Food logo and the EU emblem must have appropriate prominence.

For the purposes of their obligations, the Subgrantee may use the EIT Food logo and the EU emblem without first obtaining approval from EIT Food.

It does not, however, give the right to exclusive use.

Publicity by EIT Food

EIT Food may publish (incl. to EIT) the name of the funded companies, their origin, and its nature and purpose and the main reason for support — unless they have requested to waive this publication (because disclosure risks threatening its security and safety or harm its commercial interest).

h. Language

Translations into any language other than English are for convenience purposes only, even when executed by one or both Parties. All reporting should be done using the English language.

12. Applicable laws and jurisdiction

This Agreement is governed by Belgian laws.

Any controversy or claim arising out of or relating to this Agreement which cannot be settled amicably shall be subject to the exclusive jurisdiction of the competent courts of the registered address of EIT Food.

[Remainder of page intentionally left blank, signature page follows.]

This Agreement is signed by (a) duly authorized representative(s) of each Party and each of the Parties acknowledges having received at least one copy.

This Agreement shall be binding upon Parties even if it is only executed and exchanged by electronic copy (facsimile, pdf or any other form of electronic copy) signed by the Parties and such copy shall have the same evidential value as an original (signed) document.

This Agreement will come into force on the date of the last signature.

EIT Food:	The Subgrantee:
On behalf of EIT Food IVZW:	(On behalf of [company name and legal form])
______________________________	___________________________
Name: Benoit Buntinx	Name:
Capacity: Director Business Creation	(Capacity:)
Date:	Date:
Place: Leuven, Belgium	Place:

Name : Richard Zaltzman

Capacity : CEO

Date :

Place: Leuven, Belgium

ANNEX A – xxx PROJECT PLAN

ANNEX B – xxx BUDGET PLAN

ANNEX C – Selected Articles GA

Selected Articles of the Grant Agreement

ARTICLE 6 — ELIGIBLE AND INELIGIBLE COSTS AND CONTRIBUTIONS

In order to be eligible, costs and contributions must meet the **eligibility** conditions set out inthis Article.

6.1 General eligibility conditions

The **general eligibility conditions** are the following:

(a) for actual costs:

(i) they must be actually incurred by the beneficiary

(ii) they must be incurred in the period set out in Article 4 (with the exception of costs relating to the submission of the final periodic report, which may be incurred afterwards; see Article 21)

(iii) they must be declared under one of the budget categories set out in Article 6.2and Annex 2

(iv) they must be incurred in connection with the action as described in Annex 1 and necessary for its implementation

(v) they must be identifiable and verifiable, in particular recorded in the beneficiary's accounts in accordance with the accounting standards applicablein the country where the beneficiary is established and with the beneficiary's usual cost accounting practices

(vi) they must comply with the applicable national law on taxes, labour and socialsecurity and

(vii) they must be reasonable, justified and must comply with the principle of sound financial management, in particular regarding economy and efficiency

(b) for unit costs or contributions (if any):

(i) they must be declared under one of the budget categories set out in Article 6.2and Annex 2

(ii) the units must:

- be actually used or produced by the beneficiary in the period set out in Article 4 (with the exception of units relating to the submission of the final periodic report, which may be used or produced afterwards; see Article 21)

- be necessary for the implementation of the action and

(iii) the number of units must be identifiable and verifiable, in particular supported by records and documentation (see Article 20)

(c) for flat-rate costs or contributions (if any):

(i) they must be declared under one of the budget categories set out in Article 6.2and Annex 2

(ii) the costs or contributions to which the flat-rate is applied must:

- be eligible

- relate to the period set out in Article 4 (with the exception of costs or contributions relating to the submission of the final periodic report, which may be incurred afterwards; see Article 21)

(d) for lump sum costs or contributions (if any):

(i) they must be declared under one of the budget categories set out in Article 6.2and Annex 2

(ii) the work must be properly implemented by the beneficiary in accordance with Annex 1

(iii) the deliverables/outputs must be achieved in the period set out in Article 4 (with the exception of deliverables/outputs relating to the submission of the final periodic report, which may be achieved afterwards; see Article 21)

(e) for unit, flat-rate or lump sum costs or contributions according to usual costaccounting practices (if any):

(i) they must fulfil the general eligibility conditions for the type of cost concerned

(ii) the cost accounting practices must be applied in a consistent manner, basedon objective criteria, regardless of the source of funding

(f) for financing not linked to costs (if any): the results must be achieved or the conditionsmust be fulfilled as described in Annex 1.

In addition, for direct cost categories (e.g. personnel, travel & subsistence, subcontracting andother direct costs) only costs that are *directly* linked to the action implementation and can therefore be attributed to it *directly* are eligible. They must not include any *indirect* costs (i.e. costs that are only indirectly linked to the action, e.g. via cost drivers).

In-kind contributions provided by third parties free of charge may be declared as eligible direct costs by the beneficiaries which use them (under the same conditions as if they were their own, provided that they concern only direct costs and that the third parties and their in- kind contributions are set out in Annex 1 (or approved ex post in the periodic report, if their use does not entail changes to the Agreement which would call into question the decision awarding the grant or breach the principle of equal treatment of applicants; 'simplifiedapproval procedure').

6.2 Specific eligibility conditions for each budget category

For each budget category, the **specific eligibility conditions** are as follows:

<u>Direct costs</u>

A. Personnel costs

A.1 Costs for employees (or equivalent) are eligible as personnel costs if they fulfil the general eligibility conditions and are related to personnel working for the beneficiary under anemployment contract (or equivalent appointing act) and assigned to the action.

They must be limited to salaries (including net payments during parental leave), social security contributions, taxes and other costs linked to the remuneration, if they arise from national law or the employment contract (or equivalent appointing act) and be calculated on the basis of the costs actually incurred, in accordance with the following method:

{daily rate for the

personmultiplied by

number of day-equivalents worked on the action (rounded up or down to the nearest half-day)}.

The daily rate must be calculated as:

{annual personnel costs for the

persondivided by

215}

The number of day-equivalents declared for a person must be identifiable and verifiable (seeArticle 20).

The actual time spent on parental leave by a person assigned to the action may be deductedfrom the 215 days indicated in the above formula.

The total number of day-equivalents declared in EU grants, for a person for a year, cannot behigher than 215 minus time spent on parental leave (if any).

For personnel which receives supplementary payments for work in projects (project-based remuneration), the personnel costs must be calculated at a rate which:

- corresponds to the actual remuneration costs paid by the beneficiary for the timeworked by the person in the action over the reporting period
- does not exceed the remuneration costs paid by the beneficiary for work in similarprojects funded by national schemes ('national projects reference')
- is defined based on objective criteria allowing to determine the amount to which theperson is entitled

and

- reflects the usual practice of the beneficiary to pay consistently bonuses or supplementary payments for work in projects funded by national schemes.

The national projects reference is the remuneration defined in national law, collective labour agreement or written internal rules of the beneficiary applicable to work in projectsfunded by national schemes.

If there is no such national law, collective labour agreement or written internal rules or if the project-based remuneration is not based on objective criteria, the national project reference will be the average remuneration of the person in the last full calendar year covered by the reporting period, excluding remuneration paid for work in EU actions.

If the beneficiary uses average personnel costs (unit cost according to usual cost accounting practices), the personnel costs must fulfil the general eligibility conditions for such unit costs and the daily rate must be calculated:

- using the actual personnel costs recorded in the beneficiary's accounts and excluding any costs which are ineligible or already included in other budget categories; the actual personnel costs may be adjusted on the basis of budgeted or estimated elements, if they are relevant for calculating the personnel costs, reasonable and correspond to objective and verifiable information

and

- according to usual cost accounting practices which are applied in a consistent manner,based on objective criteria, regardless of the source of funding.

A.2 and **A.3 Costs for natural persons working under a direct contract** other than an employment contract and costs for **seconded persons by a third party against payment** are also eligible as personnel costs, if they are assigned to the action, fulfil the general eligibility conditions and:

(a) work under conditions similar to those of an employee (in particular regarding the waythe work is organised, the tasks that are performed and the premises where they are performed) and

(b) the result of the work belongs to the beneficiary (unless agreed otherwise).

They must be calculated on the basis of a rate which corresponds to the costs actually incurredfor the direct contract or secondment and must not be significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

A.4 The work of **SME owners** for the action (i.e. owners of beneficiaries that are small and medium-sized enterprises[18] not receiving a salary) or **natural person beneficiaries** (i.e. beneficiaries that are natural persons not receiving a salary) may be declared as personnel costs, if they fulfil the general eligibility conditions and are calculated as unit costs inaccordance with the method set out in Annex 2a.

B. Subcontracting costs

Subcontracting costs for the action (including related duties, taxes and charges, such as non-deductible or non-refundable value added tax (VAT)) are eligible, if they are calculated on thebasis of the costs actually incurred, fulfil the general eligibility conditions and are awarded using the beneficiary's usual purchasing practices — provided these ensure subcontracts with best value for money (or if appropriate the lowest price) and that there is no conflict of interests (see Article 12).

Beneficiaries that are 'contracting authorities/entities' within the meaning of the EU Directives on public procurement must also comply with the applicable national law on publicprocurement.

[OPTION if selected for the call: The beneficiaries must ensure that the subcontracted work is performed in the eligible countries or target countries set out in the call conditions — unless otherwise

approved by the granting authority.*]*

[OPTION if selected for the grant[19]*:* Subcontracting may cover only a limited part of the action.*]*

The tasks to be subcontracted and the estimated cost for each subcontract must be set out in Annex 1 and the total estimated costs of subcontracting per beneficiary must be set out in

[18] For the definition, see Commission Recommendation 2003/361/EC: micro, small or medium-sized enterprise (SME) are enterprises

- engaged in an economic activity, irrespective of their legal form (including, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity) and
- employing fewer than 250 persons (expressed in 'annual working units' as defined in Article 5 ofthe Recommendation) and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

[19] This is a standard obligation for all EU grants. It may be unselected only for actions where subcontracting is a key/large part of the action (e.g infrastructure projects; PCP/PPI; technical assistance, statistical programmes, etc).

Annex 2 (or may be approved ex post in the periodic report, if the use of subcontracting does not entail changes to the Agreement which would call into question the decision awarding the grant or breach the principle of equal treatment of applicants; 'simplified approval procedure').

C. Purchase costs

Purchase costs for the action (including related duties, taxes and charges, such as non- deductible or non-refundable value added tax (VAT)) are eligible if they fulfil the general eligibility conditions and are bought using the beneficiary's usual purchasing practices — provided these ensure purchases with best value for money (or if appropriate the lowest price)and that there is no conflict of interests (see Article 12).

Beneficiaries that are 'contracting authorities/entities' within the meaning of the EU Directives on public procurement must also comply with the applicable national law on publicprocurement.

C.1 Travel and subsistence

Purchases for **travel, accommodation** and **subsistence** must be calculated as follows:

- travel: on the basis of the costs actually incurred and in line with the beneficiary'susual practices on travel

- accommodation: on the basis of the costs actually incurred and in line with thebeneficiary's usual practices on travel
- subsistence: on the basis of the costs actually incurred and in line with thebeneficiary's usual practices on travel.

C.2 Equipment

[OPTION 1 by default (depreciation only):

Purchases of **equipment, infrastructure or other assets** used for the action must be declared as depreciation costs, calculated on the basis of the costs actually incurred and written off in accordance with international accounting standards and the beneficiary's usual accounting practices.

Only the portion of the costs that corresponds to the rate of actual use for the action during theaction duration can be taken into account.

Costs for **renting or leasing** equipment, infrastructure or other assets are also eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees. *]*

[OPTION 2 full cost only (if selected for the call[20]):

Purchases of **equipment, infrastructure or other assets** specifically for the action (or developed as part of the action tasks) may be declared as full capitalised costs if they fulfil thecost eligibility conditions applicable to their respective cost categories.

'Capitalised costs' means:

- costs incurred in the purchase or for the development of the equipment, infrastructure or other assets and
- which are recorded under a fixed asset account of the beneficiary in compliance with international accounting standards and the beneficiary's usual cost accounting practices.

If such equipment, infrastructure or other assets are rented or leased, full costs for **renting or leasing** are eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.*]*

[OPTION 3 depreciation + full cost for listed equipment at grant level (if selected for the call[21]):

Purchases of **equipment, infrastructure or other assets** used for the action must be declared as depreciation costs, calculated on the basis of the costs actually incurred and written off in accordance with international accounting standards and the beneficiary's usual accounting practices.

Only the portion of the costs that corresponds to the rate of actual use for the action during theaction duration can be taken into account.

Costs for **renting or leasing** equipment, infrastructure or other assets are also eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.

[additional OPTION if selected for the grant[22]: Moreover, for the following equipment,infrastructure or other assets purchased specifically for the action (or developed as part of the action tasks):

- [insert name/type of equipment]
- [insert name/type of equipment]

[same for more equipment]

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[20] To be used as an exception, only if justified by the nature of the actions and the context of the use of theequipment or assets.

[21] To be used as an exception, only if justified by the nature of the actions and the context of the use of theequipment or assets.

[22] Full purchase cost option and conditions must be specified in the call.

costs may exceptionally be declared as full capitalised costs, if they fulfil the cost eligibility conditions applicable to their respective cost categories.

'Capitalised costs' means:

- costs incurred in the purchase or for the development of the equipment, infrastructure or other assets and
- which are recorded under a fixed asset account of the beneficiary in compliance with international accounting standards and the beneficiary's usual cost accounting practices.

If such equipment, infrastructure or other assets are rented or leased, full costs for **renting or leasing** are eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.*]]*

[OPTION 4 full cost + depreciation for listed equipment at grant level (if selected for the call[23]):

Purchases of **equipment, infrastructure or other assets** specifically for the action (or developed as part of the action tasks) may be declared as full capitalised costs if they fulfil theeligibility conditions applicable to their respective cost categories.

'Capitalised costs' means:

- costs incurred in the purchase or for the development of the equipment, infrastructure or other assets and,
- which are recorded under a fixed asset account of the beneficiary in compliance with international accounting standards and the beneficiary's usual cost accounting practices.

If such equipment, infrastructure or other assets are rented or leased, full costs for **renting or leasing** are eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.

[additional OPTION if selected for the grant[24]: However, for the following equipment, infrastructure or other assets used for the action:

- [insert name/type of equipment]
- [insert name/type of equipment]

[same for more equipment]

[23] To be used as an exception, only if justified by the nature of the actions and the context of the use of theequipment or assets.

[24] Depreciation option and conditions must be specified in the call.

the costs must be declared as depreciation costs, on the basis of the costs actually incurred andwritten off in accordance with international accounting standards and the beneficiary's usual accounting practices.

Only the portion of the costs that corresponds to the rate of actual use for the action during theaction duration can be taken into account.

Costs for **renting or leasing** such equipment, infrastructure or other assets are also eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees. *]]*

C.3 Other goods, works and services

Purchases of **other goods, works and services** must be calculated on the basis of the costs actually incurred.

Such goods, works and services include, for instance, consumables and supplies, promotion, dissemination, protection of results, translations, publications, certificates and financial guarantees, if required under the Agreement.

D. Other cost categories

D.1 Financial support to third parties

Costs for providing financial support to third parties (in the form of **grants, prizes** or similar forms of support; if any) are eligible, if and as declared eligible in the call conditions,if they fulfil the general eligibility conditions, are calculated on the basis of the costs actually incurred and the support is implemented in accordance with the conditions set out in Annex 1.

These conditions must ensure objective and transparent selection procedures and include at least the following:

(a) for grants (or similar):

(i) the maximum amount of financial support for each third party ('recipient'); this amount may not exceed the amount set out in the Data Sheet (see Point 3)[25] or otherwise agreed with the granting authority

(ii) the criteria for calculating the exact amount of the financial support

(iii) the different types of activity that qualify for financial support, on the basis ofa closed list

(iv) the persons or categories of persons that will be supported and

(v) the criteria and procedures for giving financial support

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[25] The amount must be specified in the call. It may not be more than 60 000 EUR, unless the objective of theaction would otherwise be impossible or overly difficult (Article 204 EU Financial Regulation 2018/1046).

(b) for prizes (or similar):

(i) the eligibility and award criteria

(ii) the amount of the prize and

(iii) the payment arrangements.

This cost will not be taken into account for the indirect cost flat-rate.

D.2 Internally invoiced goods and services

Costs for internally invoiced goods and services directly used for the action may bedeclared as unit cost according to usual cost accounting practices, if and as declared eligiblein the call conditions, if they fulfil the general eligibility conditions for such unit costs and theamount per unit is calculated:

- using the actual costs for the good or service recorded in the beneficiary's accounts, attributed either by direct measurement or on the basis of cost drivers, and excluding any cost which are ineligible or already included in other budget categories; the actual costs may be adjusted on the basis of budgeted or estimated elements, if they are relevant for calculating the costs, reasonable and correspond to objective and verifiable information

and

- according to usual cost accounting practices which are applied in a consistent manner,based on objective criteria, regardless of the source of funding.

'Internally invoiced goods and services' means goods or services which are provided within the beneficiary's organisation directly for the action and which the beneficiary values on the basis of its usual cost accounting practices.

This cost will not be taken into account for the indirect cost flat-rate.

[OPTION for all HE and Euratom ToA (except HE IA, HE PCP/PPI, HE ERC Grants, HE EIC Grants and HE EIT KIC Actions): **D.3 Transnational access to research infrastructureunit costs**

Unit costs for providing transnational access to research infrastructure are eligible, ifand as declared eligible in the call conditions, if they fulfil the general eligibility conditions, are calculated in accordance with the method set out in Annex 2a and exclude any cost which are ineligible or already included in other budget categories.

Beneficiaries that declare costs under this cost category cannot use other cost categories such as internally invoiced goods and services or equipment costs (for charging the capital costs of the infrastructure), unless explicitly allowed in the call conditions.

This cost will not be taken into account for the indirect cost flat-rate.*]*

[OPTION for all HE and Euratom ToA (except HE IA, HE PCP/PPI, HE ERC Grants, HE EIC Grants and HE EIT KIC Actions): **D.4 Virtual access to research infrastructure unit costs**

Unit costs for providing virtual access to research infrastructure are eligible, if and as declared eligible in the call conditions, if they fulfil the general eligibility conditions, are calculated in accordance with the method set out in Annex 2a and exclude any cost which are ineligible or already included in other budget categories.

Beneficiaries that declare costs under this cost category cannot use other cost categories such as internally invoiced goods and services or equipment costs (for charging the capital costs of the infrastructure), unless explicitly allowed by the call conditions.

This cost will not be taken into account for the indirect cost flat-rate.*]*

[OPTION for HE PCP/PPI: **D.5 PCP/PPI procurement costs**

PCP/PPI procurement costs are eligible, if and as declared eligible in the call conditions, if they fulfil the general eligibility conditions, are calculated on the basis of the costs actually incurred and:

- are incurred for a joint pre-commercial procurement or joint or coordinated public procurement of innovative goods and services targeted by the action and described in Annex 1 and
- the procurement is carried out by a 'contracting authority/entity' as defined in the EU public procurement Directives (in particular, Directives 2014/24/EU[26], 2014/25/EU[27] and 2009/81/EC[28]).

The beneficiaries must award the procurement contracts to the tender(s) offering best valuefor money and use objective and transparent procedures which — unless otherwise providedin the call conditions — include:

- if a preliminary market consultation is carried out: the publication of a prior information notice about the consultation in the Official Journal of the European Union
- the publication of a contract notice in the Official Journal of the European Union
- the publication of a contract award notice within 48 days after concluding the contract(s) in the Official Journal of the European Union

in English and any additional language(s) chosen by the beneficiaries.

[26] Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65).

[27] Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243).

[28] Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC (OJ L 216, 20.8.2009, p. 76).

Where the call conditions restrict participation or control due to security reasons, the beneficiaries must ensure that the performance of the contract takes place in the eligible countries or target countries set out in the call conditions
— unless otherwise approved by the granting authority.

For PPI procurements, beneficiaries that are 'contracting authorities/entities' within the meaning of the EU Directives on public procurement must also comply with these Directives and the applicable national law on public procurement.

The beneficiaries which act as procurers (i.e. the buyers group and the lead procurer), the object and estimated cost for each procurement and the estimated financial contribution per member of the buyers group must be set out in Annex 1 and the estimated procurement costs per beneficiary must be set out in Annex 2.

The costs for the cost categories other than procurement costs are eligible only up to 50% of the total estimated eligible costs of the action set out in Annex 2.

This cost will not be taken into account for the indirect cost flat-rate. *]*

[OPTION for Euratom Programme Cofund Actions: **D.6 Euratom Cofund staff mobility costs**

Euratom Cofund staff mobility costs are eligible, if and as declared eligible in the call conditions, if they fulfil the general eligibility conditions and are calculated as unit cost in accordance with the method set out in Annex 2a.

This cost will not be taken into account for the indirect cost flat-rate.*]*

[OPTION for HE ERC Grants: **D.7 ERC additional funding**

Costs for ERC additional funding (e.g. start-up costs, major equipment, access to large facilities, major experimental and field work costs) are eligible, if and as declared eligible in the call conditions, if they fulfil the general eligibility conditions, are calculated on the basisof the costs actually incurred, comply with the conditions set out in Points A and C for the underlying types of costs (personnel and purchases) and are incurred for activities eligible for such additional funding.

Changes to this cost category require either an amendment or, exceptionally, simplifiedapproval (ex post in the periodic report). These changes may only be accepted provided that the objectives for which the additional funding was awarded remain the same.*]*

[OPTION for HE ERC Grants: **D.8 ERC additional funding (subcontracting, FSTP and internally invoiced goods and services)**

Costs for ERC additional funding (subcontracting, financial support to third parties (FSTP) and internally invoiced goods and services) are eligible, if and as declared eligible in the call conditions, if they fulfil the general eligibility conditions, are calculated on thebasis of the costs actually incurred, comply with the conditions set out in Points B, D.1 and

D.2 for the underlying types of costs (subcontracting, financial support to third parties and internally invoiced goods and services) and are incurred for activities eligible for such additional funding.

Changes to this cost category require either an amendment or, exceptionally, simplifiedapproval (ex post in the periodic report). These changes may only be accepted provided that the objectives for which the additional funding was awarded remain the same.

This cost will not be taken into account for the indirect cost flat-rate.*]*

Indirect costs

E. Indirect costs

Indirect costs will be reimbursed at the flat-rate of 25% of the eligible direct costs (categoriesA-D, except volunteers costs, subcontracting costs, financial support to third parties and exempted specific cost categories, if any).

Contributions

6.3 Ineligible costs and contributions

The following costs or contributions are **ineligible**:

(a) costs or contributions that do not comply with the conditions set out above (Article 6.1and 6.2), in particular:

(i) costs related to return on capital and dividends paid by a beneficiary

(ii) debt and debt service charges

(iii) provisions for future losses or debts

(iv) interest owed

(v) currency exchange losses

(vi) bank costs charged by the beneficiary's bank for transfers from the granting authority

(vii) excessive or reckless expenditure

(viii) deductible or refundable VAT (including VAT paid by public bodies actingas public authority)

(ix) costs incurred or contributions for activities implemented during grant agreement suspension (see Article 32)

(x) in-kind contributions by third parties: not applicable

(b) costs or contributions declared under other EU grants (or grants awarded by an EU Member State, non-EU country or other body implementing the EU budget), except for the following cases:

(i) *[OPTION 1 by default:* Synergy actions: not applicable*] [OPTION 2 if selected for the grant:* if the grants are part of jointly coordinated Synergy actions and the funding under the grants does not go above 100% of the costs and contributions declared to them*]*

(ii) if the action grant is combined with an operating grant[29] running during the same period and the beneficiary can demonstrate that the operating grant does not cover any (direct or indirect) costs of the action grant

(c) costs or contributions for staff of a national (or regional/local) administration, for activities that are part of the administration's normal activities (i.e. not undertaken only because of the grant)

(d) costs or contributions (especially travel and subsistence) for staff or representatives of EU institutions, bodies or agencies

(e) other[30]:

(i) *[OPTION 1 by default:* country restrictions for eligible costs: not applicable*] [OPTION 2 if selected for the call:* costs or contributions for activities that donot take place in the eligible countries or target countries set out in the call conditions — unless approved by the granting authority*]*

(ii) costs or contributions declared specifically ineligible in the call conditions.

6.4 Consequences of non-compliance

If a beneficiary declares costs or contributions that are ineligible, they will be rejected (see Article 27).

This may also lead to other measures described in Chapter 5.

ARTICLE 12 — CONFLICT OF INTERESTS

12.1 Conflict of interests

The beneficiaries must take all measures to prevent any situation where the impartial and objective implementation of the Agreement could be compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect interest (‘conflict of interests’).

They must formally notify the granting authority without delay of any situation constituting orlikely to lead to a conflict of interests and immediately take all the necessary steps to rectify this situation.

The granting authority may verify that the measures taken are appropriate and may require additional measures to be taken by a specified deadline.

12.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 28) and the grant or the beneficiary may be terminated (see Article 32).

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 13 — CONFIDENTIALITY AND SECURITY

13.1 Sensitive information

The parties must keep confidential any data, documents or other material (in any form) that is identified as sensitive in writing (‘sensitive information’) — during the implementation of the action and for at least until the time-limit set out in the Data Sheet (see Point 6).

If a beneficiary requests, the granting authority may agree to keep such information confidential for a longer period.

Unless otherwise agreed between the parties, they may use sensitive information only to implement the Agreement.

The beneficiaries may disclose sensitive information to their personnel or other participants involved in the action only if they:

(a) need to know it in order to implement the Agreement and

(b) are bound by an obligation of confidentiality.

The granting authority may disclose sensitive information to its staff and to other EU institutions and bodies.

It may moreover disclose sensitive information to third parties, if:

(a) this is necessary to implement the Agreement or safeguard the EU financial interestsand

(b) the recipients of the information are bound by an obligation of confidentiality.

The confidentiality obligations no longer apply if:

(a) the disclosing party agrees to release the other party

(b) the information becomes publicly available, without breaching any confidentiality obligation

(c) the disclosure of the sensitive information is required by EU, international or nationallaw.

Specific confidentiality rules (if any) are set out in Annex 5.

13.2 Classified information

The parties must handle classified information in accordance with the applicable EU, international or national law on classified information (in particular, Decision 2015/444[33] and its implementing rules).

Deliverables which contain classified information must be submitted according to special procedures agreed with the granting authority.

Action tasks involving classified information may be subcontracted only after explicit approval (in writing) from the granting authority.

[33] Commission Decision 2015/444/EC, Euratom of 13 March 2015 on the security rules for protecting EUclassified information (OJ L 72, 17.3.2015, p. 53).

Classified information may not be disclosed to any third party (including participants involved in the action implementation) without prior explicit written approval from the granting authority.

Specific security rules (if any) are set out in Annex 5.

13.3 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 28).

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 14 — ETHICS AND VALUES

14.1 Ethics

The action must be carried out in line with the highest ethical standards and the applicable EU, international and national law on ethical principles.

Specific ethics rules (if any) are set out in Annex 5.

14.2 Values

The beneficiaries must commit to and ensure the respect of basic EU values (such as respect for human dignity, freedom, democracy, equality, the rule of law and human rights, including the rights of minorities).

Specific rules on values (if any) are set out in Annex 5.

14.3 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 28).

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 17 — COMMUNICATION, DISSEMINATION AND VISIBILITY

17.1 Communication — Dissemination — Promoting the action

Unless otherwise agreed with the granting authority, the beneficiaries must promote the actionand its results by providing targeted information to multiple audiences (including the media and the public), in accordance with Annex 1 and in a strategic, coherent and effective manner.

Before engaging in a communication or dissemination activity expected to have a majormedia impact, the beneficiaries must inform the granting authority.

17.2 Visibility — European flag and funding statement

Unless otherwise agreed with the granting authority, communication activities of the beneficiaries related to the action (including media relations, conferences, seminars, information material, such as brochures, leaflets, posters, presentations, etc., in electronic form, via traditional or social media, etc.), dissemination activities and any infrastructure, equipment, vehicles, supplies or major result funded by the grant must acknowledge EU support and display the European flag (emblem) and funding statement (translated into local languages, where appropriate):

Funded by the European Union

Co-funded by the European Union

Funded by the European Union

Co-funded by the European Union

The emblem must remain distinct and separate and cannot be modified by adding other visual marks, brands or text.

Apart from the emblem, no other visual identity or logo may be used to highlight the EU support.

When displayed in association with other logos (e.g. of beneficiaries or sponsors), the emblemmust be displayed at least as prominently and visibly as the other logos.

For the purposes of their obligations under this Article, the beneficiaries may use the emblem without first obtaining approval from the granting authority. This does not, however, give them the right to exclusive use. Moreover, they may not appropriate the emblem or any similar trademark or logo, either by registration or by any other means.

17.3 Quality of information — Disclaimer

Any communication or dissemination activity related to the action must use factually accurateinformation.

Moreover, it must indicate the following disclaimer (translated into local languages where appropriate):

> "Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or [name of the granting authority]. Neither the European Union nor the granting authority can be held responsible for them."

17.4 Specific communication, dissemination and visibility rules

Specific communication, dissemination and visibility rules (if any) are set out in Annex 5.

17.5 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 28).

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 18: SPECIFIC RULES FOR EIT KIC ACTIONS

EIT KIC Actions must be implemented in accordance with the EIT KIC Partnership Agreement, in particular as regards the KIC Strategic Agenda, European added value and good governance, openness and transparency principles.

In addition to the obligations set out in Article 17, communication activities and infrastructure, equipment or major results funded by the grant must moreover display the following special logo of the KIC:

and the following text:

> "KIC [name] is supported by the European Institute of Innovation and Technology (EIT), a body of theEuropean Union".

When implementing financial support to third parties in EIT KIC Actions, the beneficiariesmust respect the following conditions:

- avoid any conflict of interest and comply with the principles of transparency, non-discrimination and sound financial management
- for the types of activity and categories of persons that will be supported: clearlyidentify the recipients which can apply for funding
- for the selection procedure and criteria:
    - publish open calls widely (including on the Funding & Tenders Portal EIT pageand the beneficiaries' websites)
    - keep open calls open for at least two months
    - inform recipients of call updates (if any) and the outcome of the call (list ofselected projects, amounts and names of selected recipients)
    - evaluate the proposals:
        - in accordance with the following pre-defined award criteria described inthe call document: (a) Excellence (b) Impact (c) Quality and efficiency of the implementation and (d) KIC portfolio strategic fit and compliance withthe financial sustainability principles and knowledge triangle integration and, for multi-beneficiary projects, (e) EU dimension (consortia with a pan-European character involving at least two independent entities from two different eligible countries)
        - based on pre-fixed scoring grid that is announced in the call document, which includes pass thresholds for the individual award criteria
- with the assistance of at least three independent external experts
    - select the proposals on the basis of the evaluation result and the pass thresholds
    - allow that selection procedures may be followed by an independent expertobserver, who makes a report

  - make available a complaints procedure for the recipients

- other conditions:

- ensure that the calls comply with the KIC financial sustainability strategy by using the funding rate indicated in the EIT Strategic Innovation Agenda and the EIT Invitation to submit a Business Plan
- ensure that the eligibility rules (Article 6) are transposed in agreements signed with recipients of support above EUR 60 000 and that financial control and auditmechanisms are in place
- ensure that the final recipients comply with the IPR rules (Article 16) and the communication, dissemination and visibility rules (Article 17)
- ensure the following standards for the monitoring and reporting of recipients:
    - systematic monitoring and review of the supported projects (e.g. staff management, procurement, financial management, quality control, distribution and provision of support to final recipients, etc.), in the format and timing specified by the granting authority
    - effective and reliable monitoring and reporting of the supported projects (including information on indicators, EIT impact framework, progress towards financial sustainability, KIC partnership, legality and regularity of the expenditure claimed, etc.), in the format and timing specified by the granting authority.
    - provisions for re-orienting or stopping underperforming projects (with regular ‘go’/’no go’ decision points, including a payment system linked to milestone achievements) and, for stopped activities, quarterly information of the granting authority
    - a mechanism to evaluate high potential project outcomes and fast track them towards further investment and rapid development.
- provide the granting authority with the following:
    - at least 30 days before the expected date of publication: information on the call and its content
    - at the end of the evaluation:
        - the ranking lists of the activities
        - the independent observers' report on the evaluation (if applicable)
    - at the end of selection:
        - a budget and funding overview
        - information on the projects selected for funding, including data on participants and abstracts of the proposal, in the format specified by the

granting authority

- at the end of the action:

- updated budget and funding overview
  - information on funded projects, including data on the participants and overview of the results, in the format specified by the granting authority.

If the financial support is implemented through a partner, the beneficiaries must:

- ensure that the partner complies with the same rules, standards and procedures for implementing the financial support
- implement effective monitoring and oversight arrangements towards the partner, covering all aspects relating to the action .
- ensure effective and reliable reporting by the partner, covering the activities implemented, information on indicators, as well as the legality and regularity of the expenditure claimed
- ensure that the partner provides that the bodies mentioned in Article 25 (e.g. granting authority, OLAF, Court of Auditors (ECA), etc.) can exercise their rights also towards the final recipients*]*

ARTICLE 19 — GENERAL INFORMATION OBLIGATIONS

19.1 Information requests

The beneficiaries must provide — during the action or afterwards and in accordance with Article 7 — any information requested in order to verify eligibility of the costs or contributions declared, proper implementation of the action and compliance with the other obligations under the Agreement.

The information provided must be accurate, precise and complete and in the format requested, including electronic format.

19.2 Participant Register data updates

The beneficiaries must keep — at all times, during the action or afterwards — their information stored in the Portal Participant Register up to date, in particular, their name, address, legal representatives, legal form and organisation type.

19.3 Information about events and circumstances which impact the action

The beneficiaries must immediately inform the granting authority (and the other beneficiaries) of any of the following:

(a) events which are likely to affect or delay the implementation of the action or affect the EU's financial interests, in particular:

(i) changes in their legal, financial, technical, organisational or ownership situation (including changes linked to one of the exclusion grounds listed in the declaration of honour signed before grant signature)

(ii) [OPTION 1 by default: linked action information: not applicable] [OPTION 2 if selected for the grant: changes regarding the linked action (see Article 3)]

(b) circumstances affecting:

(i) the decision to award the grant or

(ii) compliance with requirements under the Agreement.

19.4 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 28).

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 20 — RECORD-KEEPING

20.1 Keeping records and supporting documents

The beneficiaries must — at least until the time-limit set out in the Data Sheet (see Point 6) — keep records and other supporting documents to prove the proper implementation of the action in line with the accepted standards in the respective field (if any).

In addition, the beneficiaries must — for the same period — keep the following to justify the amounts declared:

(a) for actual costs: adequate records and supporting documents to prove the costs declared (such as contracts, subcontracts, invoices and accounting records); in addition, the beneficiaries' usual accounting and internal control procedures must enable direct reconciliation between the amounts declared, the amounts recorded in their accounts and the amounts stated in the supporting documents

(b) for flat-rate costs and contributions (if any): adequate records and supporting documents to prove the eligibility of the costs or contributions to which the flat-rate is applied

(c) for the following simplified costs and contributions: the beneficiaries do not need to keep specific records on the actual costs incurred, but must keep:

(i) for unit costs and contributions (if any): adequate records and supporting documents to prove the number of units declared

(ii) for lump sum costs and contributions (if any): adequate records and supporting documents to prove proper implementation of the work as described in Annex 1

(iii) for financing not linked to costs (if any): adequate records and supporting documents to prove the achievement of the results or the fulfilment of the conditions as described in Annex 1

(d) for unit, flat-rate and lump sum costs and contributions according to usual cost accounting practices (if any): the beneficiaries must keep any adequate records and supporting documents to prove that their cost accounting practices have been applied in a consistent manner, based on objective criteria, regardless of the source of funding, and that they comply with the eligibility conditions set out in Articles 6.1 and 6.2.

Moreover, the following is needed for specific budget categories:

(e) for personnel costs: time worked for the beneficiary under the action must be supported by declarations signed monthly by the person and their supervisor, unless another reliable time-record system is in place; the granting authority may accept alternative evidence supporting the time worked for the action declared, if it considers that it offers an adequate level of assurance

(f) additional record-keeping rules: not applicable.

The records and supporting documents must be made available upon request (see Article 19) or in the context of checks, reviews, audits or investigations (see Article 25).

If there are on-going checks, reviews, audits, investigations, litigation or other pursuits of claims under the Agreement (including the extension of findings; see Article 25), the beneficiaries must keep these records and other supporting documentation until the end of these procedures.

The beneficiaries must keep the original documents. Digital and digitalised documents are considered originals if they are authorised by the applicable national law. The granting authority may accept non-original documents if they offer a comparable level of assurance.

20.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, costs or contributions insufficiently substantiated will be ineligible (see Article 6) and will be rejected (see Article 27), and the grant may be reduced (see Article 28).

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 25 — CHECKS, REVIEWS, AUDITS AND INVESTIGATIONS —EXTENSION OF FINDINGS

25.1 Granting authority checks, reviews and audits

25.1.1 Internal checks

The granting authority may — during the action or afterwards — check the proper implementation of the action and compliance with the obligations under the Agreement, including assessing costs and contributions, deliverables and reports.

25.1.2 Project reviews

The granting authority may carry out reviews on the proper implementation of the action and compliance with the obligations under the Agreement (general project reviews or specific issues reviews).

Such project reviews may be started during the implementation of the action and until the time-limit set out in the Data Sheet (see Point 6). They will be formally notified to the coordinator or beneficiary concerned and will be considered to start on the date of thenotification.

If needed, the granting authority may be assisted by independent, outside experts. If it uses outside experts, the coordinator or beneficiary concerned will be informed and have the right to object on grounds of commercial confidentiality or conflict of interest.

The coordinator or beneficiary concerned must cooperate diligently and provide — within the deadline requested — any information and data in addition to deliverables and reports already submitted (including information on the use of resources). The granting authority may requestbeneficiaries to provide such information to it directly. Sensitive information and documents will be treated in accordance with Article 13.

The coordinator or beneficiary concerned may be requested to participate in meetings, including with the outside experts.

For **on-the-spot** visits, the beneficiary concerned must allow access to sites and premises (including to the outside experts) and must ensure that information requested is readilyavailable.

Information provided must be accurate, precise and complete and in the format requested, including electronic format.

On the basis of the review findings, a **project review report** will be drawn up.

The granting authority will formally notify the project review report to the coordinator or beneficiary concerned, which has 30 days from receiving notification to make observations.

Project reviews (including project review reports) will be in the language of the Agreement.

25.1.3 Audits

The granting authority may carry out audits on the proper implementation of the action and compliance with the obligations under the Agreement.

Such audits may be started during the implementation of the action and until the time-limit setout in the Data Sheet (see Point 6). They will be formally notified to the beneficiary concerned and will be considered to start on the date of the notification.

The granting authority may use its own audit service, delegate audits to a centralised serviceor use external audit firms. If it uses an external firm, the beneficiary concerned will be informed and have the right to object on grounds of commercial confidentiality or conflict of interest.

The beneficiary concerned must cooperate diligently and provide — within the deadline requested — any information (including complete accounts, individual salary statements or other personal data) to verify compliance with the Agreement. Sensitive information and documents will be treated in accordance with Article 13.

For **on-the-spot** visits, the beneficiary concerned must allow access to sites and premises (including for the external audit firm) and must ensure that information requested is readily available.

Information provided must be accurate, precise and complete and in the format requested, including electronic format.

On the basis of the audit findings, a **draft audit report** will be drawn up.

The auditors will formally notify the draft audit report to the beneficiary concerned, whichhas 30 days from receiving notification to make observations (contradictory audit procedure).

The **final audit report** will take into account observations by the beneficiary concerned and will be formally notified to them.

Audits (including audit reports) will be in the language of the Agreement.

25.2 European Commission checks, reviews and audits in grants of other granting authorities

Where the granting authority is not the European Commission, the latter has the same rights of checks, reviews and audits as the granting authority.

25.3 Access to records for assessing simplified forms of funding

The beneficiaries must give the European Commission access to their statutory records for theperiodic assessment of simplified forms of funding which are used in EU programmes.

25.4 OLAF, EPPO and ECA audits and investigations

The following bodies may also carry out checks, reviews, audits and investigations — during the action or afterwards:

- the European Anti-Fraud Office (OLAF) under Regulations No 883/2013[37] and No2185/96[38]
- the European Public Prosecutor's Office (EPPO) under Regulation 2017/1939
- the European Court of Auditors (ECA) under Article 287 of the Treaty on theFunctioning of the EU (TFEU) and Article 257 of EU Financial Regulation 2018/1046.

If requested by these bodies, the beneficiary concerned must provide full, accurate andcomplete information in the format requested (including complete accounts, individual salary statements or other personal data, including in electronic format) and allow access to sites andpremises for on-the-spot visits or inspections — as provided for under these Regulations.

To this end, the beneficiary concerned must keep all relevant information relating to the action, at least until the time-limit set out in the Data Sheet (Point 6) and, in any case, untilany ongoing checks, reviews, audits, investigations, litigation or other pursuits of claims have been concluded.

25.5 Consequences of checks, reviews, audits and investigations — Extension of results of reviews, audits or investigations

25.5.1 Consequences of checks, reviews, audits and investigations in this grant

Findings in checks, reviews, audits or investigations carried out in the context of this grant may lead to rejections (see Article 27), grant reduction (see Article 28) or other measures described in Chapter 5.

Rejections or grant reductions after the final payment will lead to a revised final grant amount(see Article 22).

Findings in checks, reviews, audits or investigations during the action implementation may lead to a request for amendment (see Article 39), to change the description of the action setout in Annex 1.

Checks, reviews, audits or investigations that find systemic or recurrent errors, irregularities, fraud or breach of obligations in any EU grant may also lead to consequences in other EU grants awarded under similar conditions ('extension to other grants').

Moreover, findings arising from an OLAF or EPPO investigation may lead to criminalprosecution under national law.

25.5.2 Extension from other grants

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[37] Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18/09/2013, p. 1).

[38] Council Regulation (Euratom, EC) No 2185/1996 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15/11/1996, p. 2).

Results of checks, reviews, audits or investigations in other grants may be extended to this grant, if:

(a) the beneficiary concerned is found, in other EU grants awarded under similar conditions, to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations that have a material impact on this grant and

(b) those findings are formally notified to the beneficiary concerned — together with the list of grants affected by the findings — within the time-limit for audits set out in the Data Sheet (see Point 6).

The granting authority will formally notify the beneficiary concerned of the intention toextend the findings and the list of grants affected.

If the extension concerns **rejections of costs or contributions**: the notification will include:

(a) an invitation to submit observations on the list of grants affected by the findings

(b) the request to submit revised financial statements for all grants affected

(c) the correction rate for extrapolation, established on the basis of the systemic or recurrent errors, to calculate the amounts to be rejected, if the beneficiary concerned:

(i) considers that the submission of revised financial statements is not possible or practicable or

(ii) does not submit revised financial statements.

If the extension concerns **grant reductions**: the notification will include:

(a) an invitation to submit observations on the list of grants affected by the findings and

(b) the **correction rate for extrapolation**, established on the basis of the systemic or recurrent errors and the principle of proportionality.

The beneficiary concerned has **60 days** from receiving notification to submit observations, revised financial statements or to propose a duly substantiated **alternative correction method/rate**.

On the basis of this, the granting authority will analyse the impact and decide on the implementation (i.e. start rejection or grant reduction procedures, either on the basis of the revised financial statements or the announced/alternative method/rate or a mix of those; see Articles 27 and 28).

25.6 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, costs or contributions insufficiently substantiated will be ineligible (see Article 6) and will be rejected (see Article 27), and the grant may be reduced (see Article 28).

Such breaches may also lead to other measures described in Chapter 5.

ARTICLE 26 — IMPACT EVALUATIONS

26.1 Impact evaluation

The granting authority may carry out impact evaluations of the action, measured against the objectives and indicators of the EU programme funding the grant.

Such evaluations may be started during implementation of the action and until the time-limit set out in the Data Sheet (see Point 6). They will be formally notified to the coordinator or beneficiaries and will be considered to start on the date of the notification.

If needed, the granting authority may be assisted by independent outside experts.

The coordinator or beneficiaries must provide any information relevant to evaluate the impact of the action, including information in electronic format.

26.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the granting authority may apply the measures described in Chapter 5.

ARTICLE 33 — DAMAGES

33.1 Liability of the granting authority

The granting authority cannot be held liable for any damage caused to the beneficiaries or to third parties as consequence of the implementation of the Agreement, including for gross negligence.

The granting authority cannot be held liable for any damage caused by any of the beneficiaries or other participants involved in the action, as consequence of the implementation of the Agreement.

33.2 Liability of the beneficiaries

The beneficiaries must compensate the granting authority for any damage it sustains as a result of the implementation of the action or because the action was not implemented in full compliance with the Agreement, provided that it was caused by gross negligence or wilful act.

The liability does not extend to indirect or consequential losses or similar damage (such as loss of profit, loss of revenue or loss of contracts), provided such damage was not caused by wilful act or by a breach of confidentiality.