



# pharaon

PILOTS FOR HEALTHY AND ACTIVE AGEING

Grant Agreement: 857188

## Cascade grant agreement - DRAFT

Version 1.0

01.10.2021



This project has received funding from the European Union's Horizon 2020 Research and Innovation Programme under Grant Agreement No 857188.



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**Acknowledgement:** This project has received funding from the European Union’s Horizon 2020 Research and Innovation Programme under Grant Agreement No 857188.

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## Annexes

### Annex 1. Sub-project Application Form

To add at a later stage.

### Annex 2. Pilot coordinator statement

Template will be provided later.

## Contracting parties

This agreement ('The Agreement') is between the following parties:

On the one part,

INNORENEW COE CENTER ODLIČNOSTI ZA RAZISKAVE IN INOVACIJE NA PODROČJU OBNOVLJIVIH MATERIALOV IN ZDRAVEGA BIVANJSKEGA OKOLJA (hereinafter referred as the 'Contractor'), established in LIVADE 6, IZOLA - ISOLA 6310, Slovenia, VAT number: SI65332547, registration number: 7233817000 represented by director prof. Andreja Kutnar, PhD,

hereinafter referred as the "Contractor"

and

on the other part,

(name of the beneficiary), established in (address of the beneficiary), (VAT number), represented for the purpose of signing the agreement by (title and name of the legal representative).

hereinafter referred to as the 'Beneficiary'.

The parties referred to above have agreed to enter into the Agreement under the terms and conditions below.

By signing the Agreement, the beneficiary accepts the grant and agrees to implement it under his own responsibility and in accordance with the Agreement, with all the obligations and conditions it sets out.

## CHAPTER 1: GENERAL PROVISIONS

The European Commission and the UNIVERSITA DEGLI STUDI DI FIRENZE (UNIFI), established in Piazza San Marco 4, 50121, Florence, Italy, as Coordinator on behalf of the Pharaon consortium have signed the Grant Agreement no 857188 for the implementation of the Pilots for Healthy and Active Ageing - Pharaon ("Pharaon") within the framework of the European Union's Horizon 2020 research and innovation programme, H2020-SC1-FA-DTS-2018-2020 (Trusted digital solutions and Cybersecurity in Health and Care).

The Pharaon Grant Agreement includes a provision for financial support to Third parties via cascade funding. This funding will be used to finance sub-projects of the Pharaon project executed by third parties. Hence, the selected third parties are indirectly beneficiaries of European Commission funding and as such they have to comply with the rules presented in the [H2020 Annotated Model Grant Agreement](#), in the same way as the beneficiaries of the Pharaon project.

Contractor is responsible for the implementation and administration of the cascade funding within the Pharaon project.

### Article 1 – Subject of the Agreement

This Agreement sets out the rights and obligations and the terms and conditions applicable to the grant awarded to the beneficiaries for implementing the action set out in Chapter 2.

The beneficiary has received the favourable resolution by the external evaluators and therefore is entitled to receive funding and services according to the terms and conditions set out under the Agreement.

## CHAPTER 2: ACTION

### Article 2 – Action to be implemented

The grant is awarded for the action entitled Sub-project [SUB-PROJECT\_ACRONYM], [SUB-PROJECT\_FULL\_NAME], as described in Annex 1.

The obligations and responsibilities are defined in detail in the Open Call documents, namely in the Open call text and Guide for Applicants.

Additionally, the beneficiary shall take every necessary precaution to avoid any risk of conflict of interest relating to economic interests, political or national affinities, family or emotional ties or any other interests liable to influence the impartial and objective performance of the Sub-project.

### Article 3 – Duration and starting date of the sub-project

The duration of the action will be **6 months** as of XX ('starting date of the action') and finished by XX ('end date of the action').

## CHAPTER 3: GRANT

### Article 4 – Grant amount, form of grant, reimbursement rates and forms of costs

#### 4.1 Maximum grant amount

The maximum financial contribution to be granted to the beneficiary shall not exceed the amount 50.000,00 (fifty thousand and zero eurocents) EURO.

#### 4.2 Form of grant, reimbursement rates and forms of costs

The grant reimburses 100% of the eligible costs of the beneficiary that is non-profit legal entity and 70% of the eligible costs of the beneficiary that is profit legal entity.

Eligible costs must be declared under the following forms ('forms of costs'):

(a) for **direct personnel costs**:

- as actually incurred costs ('actual costs') or
- on the basis of an amount per unit calculated by the beneficiary in accordance with its usual cost accounting practices ('unit costs').

Personnel costs for SME owners or beneficiaries that are natural persons not receiving a salary must be declared on the basis of the amount per unit (unit costs);

(b) for **direct costs for subcontracting**: as actually incurred costs (actual costs);

(c) for **other direct costs**:

- for costs of internally invoiced goods and services: on the basis of an amount per unit calculated by the beneficiary in accordance with its usual cost accounting practices ('unit costs');
- for all other costs: as actually incurred costs (actual costs);

(d) for **indirect costs**: on the basis of a flat-rate applied ('flat-rate costs');

(e) specific cost category(ies): not applicable.

#### 4.3 Final Grant amount – Calculation

The '**final grant amount**' depends on the actual extent to which the action is implemented in accordance with the Agreement's terms and conditions.

This amount is calculated when the payment of the balance is made in the following steps:

- **Step 1** — Application of the reimbursement rates to the eligible costs: costs must comply with rules set in the Guide for Applicants and must be confirmed by the contractor.
- **Step 2** — Reduction due to the no-profit rule: The grant must not produce a profit.
- **Step 3** — Reduction due to substantial errors, irregularities or fraud or serious breach of obligations:

If the grant is reduced, the contractor will calculate the reduced grant amount by deducting the amount of the reduction (calculated in proportion to the seriousness of the errors, irregularities or fraud or breach of obligations) from the maximum grant amount set out in Article 4.1.

#### 4.4 Revised final grant amount - Calculation

If — after the payment of the balance (in particular, after checks, reviews, audits or investigations — the contractor rejects costs or reduces the grant, it will calculate the '**revised final grant amount**' for the beneficiary concerned by the findings.

This amount is calculated by the contractor on the basis of the findings, as follows:

- in case of rejection of costs: by applying the reimbursement rate to the revised eligible costs approved by the contractor for the beneficiary concerned;
- in case of reduction of the grant: by calculating the concerned beneficiary's share in the grant amount reduced in proportion to the seriousness of the errors, irregularities or fraud or breach of obligations.

In case of **rejection of costs and reduction of the grant**, the revised final grant amount for the beneficiary concerned will be the lower of the two amounts above.

### Article 5 – Eligible and ineligible costs

#### 5.1 General conditions for costs to be eligible

'**Eligible costs**' are costs that meet the following criteria:

(a) for **actual costs**:

- they must be actually incurred by the beneficiary;
- they must be incurred in the period set out in Article 3;
- they must be indicated in the estimated budget set out in Annex 1;
- they must be incurred in connection with the action as described in Annex 1 and necessary for its implementation;
- they must be identifiable and verifiable, in particular recorded in the beneficiary's accounts in accordance with the accounting standards applicable in the country where the beneficiary is established and with the beneficiary's usual cost accounting practices;
- they must comply with the applicable national law on taxes, labour and social security, and
- 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**:

**They must be calculated as follows:**

- amounts per unit or calculated by the beneficiary in accordance with its usual cost accounting practices multiplied by the number of actual units;

**The number of actual units must comply with the following conditions:**

- the units must be actually used or produced in the period set out in Article 3;
- the units must be necessary for implementing the action or produced by it, and
- the number of units must be identifiable and verifiable, in particular supported by records and documentation;

(c) for **flat-rate costs**:

- they must be calculated by applying the flat-rate set out in Annex 1, and



- the costs (actual costs or unit costs) to which the flat-rate is applied must comply with the conditions for eligibility set out in this Article.

## 5.2 Specific conditions for costs to be eligible

Costs are eligible if they comply with the general conditions (see above) and the specific conditions set out below for each of the following budget categories:

- A. direct personnel costs;
- B. direct costs of subcontracting;
- C. not applicable;
- D. other direct costs;
- E. indirect costs;
- F. not applicable.

'Direct costs' are costs that are directly linked to the action implementation and can therefore be attributed to it directly. They must not include any indirect costs (see Point E).

'Indirect costs' are costs that are not directly linked to the action implementation and therefore cannot be attributed directly to it.

### A. Direct personnel costs

#### Types of eligible personnel costs

A.1 Personnel costs are eligible, if they are related to personnel working for the beneficiary under an employment contract (or equivalent appointing act) and assigned to the action ('**costs for employees (or equivalent)**'). They must be limited to salaries (including during parental leave), social security contributions, taxes and other costs included in the **remuneration**, if they arise from national law or the employment contract (or equivalent appointing act).

Beneficiaries that are non-profit legal entities may also declare as personnel costs **additional remuneration** for personnel assigned to the action (including payments on the basis of supplementary contracts regardless of their nature), if:

- it is part of the beneficiary's usual remuneration practices and is paid in a consistent manner whenever the same kind of work or expertise is required;
- the criteria used to calculate the supplementary payments are objective and generally applied by the beneficiary, regardless of the source of funding used.

'Additional remuneration' means any part of the remuneration which exceeds what the person would be paid for time worked in projects funded by national schemes.

Additional remuneration for personnel assigned to the action is eligible up to the following amount:

- if the person works exclusively on the action but not full-time or not for the full year: up to the corresponding pro-rata amount of EUR 8 000, or
- if the person does not work exclusively on the action: up to a pro-rata amount calculated as follows:

{EUR 8 000 divided by the number of annual productive hours (see below)} multiplied by the {number of hours that the person has worked on the action during the year}.

A.2 The **costs for natural persons working under a direct contract** with the beneficiary other than an employment contract are eligible personnel costs, if:

- (a) the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);
- (b) the result of the work carried out belongs to the beneficiary (unless exceptionally agreed otherwise), and
- (c) the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

A.3 The **costs of personnel seconded by a third party against payment** are eligible personnel costs.

A.4 **Costs of owners** of beneficiaries that are small and medium-sized enterprises (**'SME owners'**) who are working on the action and who do not receive a salary are eligible personnel costs, if they correspond to the amount per unit multiplied by the number of actual hours worked on the action.

A.5 **Costs of 'beneficiaries that are natural persons'** not receiving a salary are eligible personnel costs, if they correspond to the amount per unit multiplied by the number of actual hours worked on the action.

### Calculation

Personnel costs must be calculated by the beneficiaries as follows:

{{hourly rate multiplied by the number of actual hours worked on the action}, plus for non-profit legal entities: additional remuneration to personnel assigned to the action under the conditions set out above (Point A.1)}.

The number of actual hours declared for a person must be identifiable and verifiable. The total number of hours declared in EU grants, for a person for a year, cannot be higher than the annual productive hours used for the calculations of the hourly rate. Therefore, the maximum number of hours that can be declared for the grant are:

{number of annual productive hours for the year (see below) minus total number of hours declared by the beneficiary, for that person in that year, for other EU grants}.

The **'hourly rate'** is one of the following:

- (a) for personnel costs declared as **actual costs** (i.e. budget categories A.1, A.2, A.3): the hourly rate is calculated *per full financial year*, as follows:

{actual annual personnel costs (excluding additional remuneration) for the person} divided by {number of annual productive hours}.

using the personnel costs and the number of productive hours for each full financial year covered by the reporting period concerned. If a financial year is not closed at the end of the reporting period, the beneficiary must use the hourly rate of the last closed financial year available.

For the 'number of annual productive hours', the beneficiary may choose one of the following:

- **'fixed number of hours'**: 1 720 hours for persons working full time (or corresponding pro-rata for persons not working full time);

- **'individual annual productive hours'**: the total number of hours worked by the person in the year for the beneficiary, calculated as follows:

{annual workable hours of the person (according to the employment contract, applicable collective labour agreement or national law) plus overtime worked minus absences (such as sick leave and special leave)}.

'Annual workable hours' means the period during which the personnel must be working, at the employer's disposal and carrying out his/her activity or duties under the employment contract, applicable collective labour agreement or national working time legislation.

If the contract (or applicable collective labour agreement or national working time legislation) does not allow to determine the annual workable hours, this option cannot be used;

- **'standard annual productive hours'**: the 'standard number of annual hours' generally applied by the beneficiary for its personnel in accordance with its usual cost accounting practices. This number must be at least 90% of the 'standard annual workable hours.

If there is no applicable reference for the standard annual workable hours, this option cannot be used. For all options, the actual time spent on **parental leave** by a person assigned to the action may be deducted from the number of annual productive hours.

As an alternative, beneficiary may calculate the hourly rate *per month*, as follows:

{actual monthly personnel cost (excluding additional remuneration) for the person divided by  
{number of annual productive hours / 12}}

using the personnel costs for each month and (one twelfth of) the annual productive hours calculated according to either option (i) or (iii) above, i.e.:

- fixed number of hours or
- standard annual productive hours.

Time spent on **parental leave** may not be deducted when calculating the hourly rate per month. However, the beneficiary may declare personnel costs incurred in periods of parental leave in proportion to the time the person worked on the action in that financial year.

If parts of a basic remuneration are generated over a period longer than a month, the beneficiary may include only the share which is generated in the month (irrespective of the amount actually paid for that month).

Beneficiary must use only one option;

(a) for personnel costs declared on the basis of **unit costs** (i.e. budget categories A.1, A.2, A.4, A.5):

the hourly rate is one of the following:

(b) for SME owners or beneficiaries that are natural persons: the hourly rate set out in Annex 1

(see Points A.4 and A.5 above), or

(c) for personnel costs declared on the basis of the beneficiary's usual cost accounting practices:

the hourly rate calculated by the beneficiary in accordance with its usual cost accounting practices, if:

- the cost accounting practices used are applied in a consistent manner, based on objective criteria, regardless of the source of funding;
- the hourly rate is calculated using the actual personnel costs recorded in the beneficiary's accounts, excluding any ineligible cost or costs included in other budget categories.

The actual personnel costs may be adjusted by the beneficiary on the basis of budgeted or estimated elements. Those elements must be relevant for calculating the personnel costs, reasonable and correspond to objective and verifiable information;

and

- the hourly rate is calculated using the number of annual productive hours (see above).

**B. Direct costs of subcontracting** (including related duties, taxes and charges such as non-deductible value added tax (VAT) paid by the beneficiary) are eligible if the conditions in Article 5.1 are met.

Subcontracting may cover only a limited part of the action.

### **C. Other direct costs**

**C.1 Travel costs and related subsistence allowances** (including related duties, taxes and charges such as non-deductible value added tax (VAT) paid by the beneficiary) are eligible if they are in line with the beneficiary's usual practices on travel.

**C.2 The depreciation costs of equipment, infrastructure or other assets** (new or second-hand) as recorded in the beneficiary's accounts are eligible, if they were purchased in accordance with Article 8.1 and written off in accordance with international accounting standards and the beneficiary's usual accounting practices.

The costs of renting or leasing equipment, infrastructure or other assets (including related duties, taxes and charges such as non-deductible value added tax (VAT) paid by the beneficiary) are also eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.

The costs of equipment, infrastructure or other assets contributed in-kind against payment are eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees.

The only portion of the costs that will be taken into account is that which corresponds to the duration of the action and rate of actual use for the purposes of the action.

**C.3 Costs of other goods and services** (including related duties, taxes and charges such as non-deductible value added tax (VAT) paid by the beneficiary) are eligible, if they are:

(a) purchased specifically for the action and in accordance with Article 8.1.

Such goods and services include, for instance, consumables and supplies, dissemination (including open access), protection of results, certificates on the methodology, translations and publications.

**C.4 Capitalised and operating costs of 'large research infrastructure'** directly used for the action are eligible, if:

- (a) the value of the large research infrastructure represents at least 75% of the total fixed assets (at historical value in its last closed balance sheet before the date of the signature of the Agreement or as determined on the basis of the rental and leasing costs of the research infrastructure);
- (b) the beneficiary's methodology for declaring the costs for large research infrastructure has been positively assessed by the Contractor ('ex-ante assessment');
- (c) the beneficiary declares as direct eligible costs only the portion which corresponds to the duration of the action and the rate of actual use for the purposes of the action, and
- (d) they comply with the conditions as further detailed in this Agreement.

**C.5 Costs of internally invoiced goods and services** directly used for the action are eligible, if:

- (a) they are declared on the basis of a unit cost calculated in accordance with the beneficiary's usual cost accounting practices;
- (b) the cost accounting practices used are applied in a consistent manner, based on objective criteria, regardless of the source of funding;
- (c) the unit cost is calculated using the actual costs for the good or service recorded in the beneficiary's accounts, excluding any ineligible cost or costs included in other budget categories.

The actual costs may be adjusted by the beneficiary on the basis of budgeted or estimated elements. Those elements must be relevant for calculating the costs, reasonable and correspond to objective and verifiable information;

- (d) the unit cost excludes any costs of items which are not directly linked to the production of the invoiced goods or service.

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

#### **D. Indirect costs**

**Indirect costs** are eligible if they are declared on the basis of the flat-rate of 25% of the eligible direct costs (see Article 5.2 and Points A to C above), from which are excluded costs of subcontracting.

Beneficiaries receiving an operating grant financed by the EU budget cannot declare indirect costs for the period covered by the operating grant, unless they can demonstrate that the operating grant does not cover any costs of the action.

#### **5.3 Ineligible costs**

'Ineligible costs' are:

- (a) costs that do not comply with the conditions set out above (Article 6.1 to 6.4), in particular:

- costs related to return on capital;
- debt and debt service charges;
- provisions for future losses or debts;
- interest owed;
- doubtful debts;

- currency exchange losses;
- bank costs charged by the beneficiary's bank for transfers from the Commission;
- excessive or reckless expenditure;
- deductible VAT;
- costs incurred during suspension of the implementation of the action;

(b) costs declared under another EU grant; in particular, indirect costs if the beneficiary is already receiving an operating grant financed by the EU budget in the same period, unless it can demonstrate that the operating grant does not cover any costs of the action.

#### **5.4 Consequences of declaration of ineligible costs**

Declared costs that are ineligible will be rejected. This may also lead to any of the other measures described in Chapter 6.

## **CHAPTER 4: RIGHTS AND OBLIGATIONS OF THE PARTIES**

### **Article 6 – General obligation to properly implement the Sub-project**

#### **6.1 General obligation to properly implement the Sub-project**

The beneficiary must implement the action as described in Annex 1 and in compliance with the provisions of the Agreement and all legal obligations under applicable EU, international and national law.

#### **6.2 Consequences of non-compliance**

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced. Such breaches may also lead to any of the other measures described in Chapter 6.

### **Article 7 – Resources to implement the Sub-project**

The beneficiary must have the appropriate resources to implement the action. If it is necessary to implement the action, the beneficiaries may:

- purchase goods, works and services;
- use in-kind contributions provided by third parties against payment;
- use in-kind contributions provided by third parties free of charge;
- call upon subcontractors to implement action tasks described in Annex 1;

In these cases, the beneficiary retains sole responsibility towards the contractor for implementing the action.

### **Article 8 – Purchase of goods, works and services**

#### **8.1 Rules for purchasing goods, works and services**

If necessary to implement the action, the beneficiary may purchase goods, works or services. The beneficiary must make such purchases ensuring the best value for money or, if appropriate, the lowest price. In doing so, they must avoid any conflict of interests.

The beneficiary must ensure that the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 22 and 23 of the Annotated Grant Agreement also towards their contractors.

If the beneficiary is a 'contracting authorities' within the meaning of Directive 2004/18/EC5 (or 2014/24/EU6) or 'contracting entities' within the meaning of Directive 2004/17/EC7 (or 2014/25/EU8) must comply with the applicable national law on public procurement.

All expenditures need to follow national regulation regarding the use of publicly supplied funds.

## 8.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under point 8.1, the costs related to the contract concerned will be ineligible and will be rejected.

If a beneficiary breaches any of its obligations, the grant may be reduced. Such breaches may also lead to any of the other measures described in Chapter 6.

## Article 9 – General obligation to inform

### 9.1 General obligation to provide information upon request

The beneficiary must provide — during implementation of the sub-project or afterwards — any information requested in order to verify eligibility of the costs, proper implementation of the action and compliance with any other obligation under the Agreement.

### 9.2 Obligation to keep information up to date and to inform about events and circumstances likely to affect the Agreement

The beneficiary must keep the contractor up to date, and must immediately inform of any of the following:

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

- changes in its legal, financial, technical, organisational or ownership situation;

(b) **circumstances** affecting:

- the decision to award the grant or
- compliance with requirements under the Agreement.

### 9.3 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced. Such breaches may also lead to any of the other measures described in Chapter 6.

## Article 10 – Keeping records – supporting documentation

### 10.1 Obligation to keep records and other supporting documentation

The beneficiary must — for a period of five years after the payment of the balance — keep records and other supporting documentation in order to prove the proper implementation of the action and the costs they declare as eligible.

They must make them available upon request or in the context of checks, reviews, audits or investigations.

If there are on-going checks, reviews, audits, investigations, litigation or other pursuits of claims under the Agreement, the beneficiary must keep the records and other supporting documentation until the end of these procedures.

The beneficiary must keep the original documents. Digital and digitalised documents are considered originals if they are authorised by the applicable national law. The contractor may accept non-original documents if it considers that they offer a comparable level of assurance.

The beneficiary must keep records and other supporting documentation on scientific and technical implementation of the action in line with the accepted standards in the respective field.

### 10.2 Records and other documents to support costs declared

The beneficiary must keep the records and documentation supporting the costs declared, in particular the following:

(a) for **actual costs**: adequate records and other supporting documentation to prove the costs declared, such as contracts, subcontracts, invoices and accounting records. In addition, the beneficiaries' usual cost accounting practices 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 documentation;

(b) for **unit costs**: adequate records and other supporting documentation to prove the number of units declared. Beneficiary does not need to identify the actual eligible costs covered or to keep or provide supporting documentation (such as accounting statements) to prove the amount per unit.

In addition, for **unit costs calculated in accordance with the beneficiary's usual cost accounting practices**, the beneficiaries must keep adequate records and documentation to prove that the cost accounting practices used comply with the conditions set out in Article 5.

The beneficiary may submit to the contractor, for approval, a certificate stating that their usual cost accounting practices comply with these conditions (**'certificate on the methodology'**). If the certificate is approved, costs declared in line with this methodology will not be challenged subsequently, unless the beneficiary has concealed information for the purpose of the approval.

(c) for **flat-rate costs**: adequate records and other supporting documentation to prove the eligibility of the costs to which the flat-rate is applied. The beneficiary does not need to identify the costs covered or provide supporting documentation (such as accounting statements) to prove the amount declared at a flat-rate.

In addition, for **personnel costs** (declared as actual costs or on the basis of unit costs), the beneficiary must keep **time records** for the number of hours declared. The time records must be in writing and approved by the persons working on the action and their supervisors, at least monthly. In the absence of reliable time records of the hours worked on the action, the contractor may accept alternative evidence supporting the number of hours declared, if it considers that it offers an adequate level of assurance.



As an exception, for **persons working exclusively on the action**, there is no need to keep time records, if the beneficiary signs a declaration confirming that the persons concerned have worked exclusively on the action.

### 10.3 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, costs insufficiently substantiated will be ineligible and will be rejected, and the grant may be reduced.

Such breaches may also lead to any of the other measures described in Chapter 6.

## Article 11 – Submission of the deliverables

### 11.1 Obligation to submit deliverables

The beneficiary must submit the 'deliverables' identified in Annex 1, in accordance with the timing and conditions set out in it.

### 11.2 Consequences of non-compliance

If the beneficiary breaches any of its obligations under this Article, the contractor may apply any of the measures described in Chapter 6.

## Article 12 – Reporting – Payment requests

### 12.1 Obligation to submit report

The sub-project has a single reporting period.

The beneficiary must submit the final report within 60 days after the end of sub-project

The **final report** must include the following:

(a) a '**final technical report**' with a **summary** containing:

- an overview of the results and their exploitation and dissemination;
- the conclusions on the action,
- a signed statement by the Pilot Coordinator(s) that the objectives were fulfilled (See Annex 2)

(b) a '**final financial report**' containing:

- a 'final financial statement', including the request for payment of the balance.

The beneficiary must certify that:

- the information provided is full, reliable and true;
- the costs declared are eligible (see Article 5);
- the costs can be substantiated by adequate records and supporting documentation that will be produced upon request or in the context of checks, reviews, audits and investigations, and
- that all the receipts have been declared;

## 12.2 Currency for financial statements and conversion into euro

Financial statements must be drafted in euros. A beneficiary with accounting established in a currency other than the euro must convert the costs recorded in their account into euro, at the average of the daily exchange rates published in the C series of the *Official Journal of the European Union*, calculated over the corresponding reporting period.

If no daily euro exchange rate is published in the *Official Journal of the European Union* for the currency in question, they must be converted at the average of the monthly accounting rates published on the Commission's website, calculated over the corresponding reporting period.

A beneficiary with accounting established in euros must convert costs incurred in another currency into euro according to their usual accounting practices.

## 12.3 Language of reports

All reports (technical and financial reports, including financial statements) must be submitted in English.

## Article 13 – Payments and payment arrangements

### 13.1 Payments to be made

The payment schedule is directly linked to the relevant phase of the Sub-project. The payment per phase will be disbursed once a defined milestone has been reached (please see table below).

Based on the planned timeline the following payments are foreseen:

Type of payment	Milestone	Payment
Prepayment	Within 30 days either from the entry into force of Cascade Grant Agreement or from 10 days before the starting date of the Sub-project, whichever is the latest.	Up to 50%
Final payment	Within 30 days after written approval of the final report.	Up to 50%

Payment will be made on the beneficiary's bank account which has been identified during validation of PIC and confirmed in written by the beneficiary's bank:

<b>Account holder</b>	
<b>Address</b>	
<b>Bank name</b>	
<b>Account number</b>	
<b>Country</b>	
<b>IBAN</b>	
<b>SWIFT/BIC</b>	

When making payments, the contractor will formally notify to the beneficiary the amount due, specifying whether it concerns a pre-payment or the final payment. For the final payment the notification will also specify the final grant amount.

In the case of reduction of the specific grant or recovery of undue amounts, the notification will be preceded by the contradictory procedure set out in Article 4.

## **Article 14 – Checks, reviews, audits and investigation – extension of findings**

### **14.1 Right to carry out checks**

The Commission or/and the contractor will — during the implementation of the sub-project or afterwards — check the proper implementation of the sub-project and compliance with the obligations under the Agreement, including assessing deliverables and reports.

For this purpose, the Commission and/or the contractor may be assisted by external persons or bodies.

The Commission and/or the contractor may also request additional information. The Commission and/or the contractor may request the beneficiary to provide such information to it directly.

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

### **14.2 Right to carry out reviews**

The Commission and/or the contractor may — during the implementation of the action or afterwards — carry out reviews on the proper implementation of the action (including assessment of deliverables and reports), compliance with the obligations under the Agreement and continued scientific or technological relevance of the action.

Reviews may be started up to two years after the payment of the balance. They will be formally notified to the beneficiary and will be considered to have started on the date of the formal notification.

The Commission and/or the contractor may carry out reviews directly (using its own staff) or indirectly (using external persons or bodies appointed to do so). It will inform the beneficiary of the identity of the external persons or bodies. They have the right to object to the appointment on grounds of commercial confidentiality.

The beneficiary must 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 Commission and/or the contractor may request the beneficiary to provide such information to it directly.

The beneficiary may be requested to participate in meetings, including with external experts.

For **on-the-spot** reviews, the beneficiary must allow access to his sites and premises, including to external persons or bodies, 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 review findings, a '**review report**' will be drawn up.

The Commission and/or the contractor will formally notify the review report to the beneficiary, which has 30 days to formally notify observations (**'contradictory review procedure'**).

Reviews (including review reports) are in the language of the Agreement.

### 14.3 Right to carry out audits

The Commission and/or the contractor may — during the implementation of the action or afterwards carry out audits on the proper implementation of the action and compliance with the obligations under the Agreement.

Audits may be started up to two years after the payment of the balance. They will be formally notified to the beneficiary and will be considered to have started on the date of the formal notification.

The Commission and/or the contractor may carry out audits directly (using its own staff) or indirectly (using external persons or bodies appointed to do so). It will inform the beneficiary of the identity of the external persons or bodies. They have the right to object to the appointment on grounds of commercial confidentiality.

The beneficiary must provide — within the deadline requested — any information (including complete accounts, individual salary statements or other personal data) to verify compliance with the Agreement. The Commission and/or the contractor may request beneficiaries to provide such information to it directly.

For **on-the-spot** audits, the beneficiary must allow access to their sites and premises, including to external persons or bodies, 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 Commission and/or the contractor will formally notify the draft audit report to the beneficiary concerned, which has 30 days to formally notify observations (**'contradictory audit procedure'**). This period may be extended by The Commission and/or the contractor in justified cases.

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

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

The Commission may also access the beneficiaries' statutory records for the periodical assessment of unit costs or flat-rate amounts.

### 14.4 Investigations by the European Anti-Fraud Office (OLAF)

Under Regulations No 883/2013/16 and No 2185/96/17 (and in accordance with their provisions and procedures), the European Anti-Fraud Office (OLAF) may — at any moment during implementation of the action or afterwards — carry out investigations, including on-the-spot checks and inspections, to establish whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the EU.

#### 14.5 Checks and audits by the European Court of Auditors (ECA)

Under Article 287 of the Treaty on the Functioning of the European Union (TFEU) and Article 161 of the Financial Regulation No 966/201218, the European Court of Auditors (ECA) may — at any moment during implementation of the action or afterwards — carry out audits.

The ECA has the right of access for the purpose of checks and audits.

#### 14.6 Findings in this grant

Findings in checks, reviews, audits or investigations carried out in the context of this grant may lead to the rejection of ineligible costs, reduction of the grant, recovery of undue amounts or to any of the other measures described in Chapter 6.

Rejection of costs or reduction of the grant after the payment of the balance will lead to a revised final cascade grant amount.

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

Moreover, findings arising from an OLAF investigation may lead to criminal prosecution under national law.

#### 14.7 Findings in other grants

The Commission may extend findings from other grants to this grant (**'extension of findings from other grants 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 — together with the list of grants affected by the findings — no later than two years after the payment of the balance of this grant.

The extension of findings may lead to the rejection of costs, reduction of the grant, recovery of undue amounts, suspension of payments, suspension of the action implementation or termination.

#### 14.8 Procedure

The Commission and/or the contractor will formally notify the beneficiary of the systemic or recurrent errors and its intention to extend these audit findings, together with the list of grants affected.

If the findings concern **eligibility of costs**: the formal 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 by the Commission on the basis of the systemic or recurrent errors, to calculate the amounts to be rejected if the beneficiary:
  - considers that the submission of revised financial statements is not possible or practicable or
  - does not submit revised financial statements.

The beneficiary has 90 days from receiving notification to submit observations, revised financial statements or to propose a duly substantiated **alternative correction method**. This period may be extended by the Commission and/or the contractor in justified cases.

The Commission and/or the contractor may then start a rejection procedure, on the basis of:

- the revised financial statements, if approved;
- the proposed alternative correction method, if accepted

or

- the initially notified correction rate for extrapolation, if it does not receive any observations or revised financial statements, does not accept the observations or the proposed alternative correction method or does not approve the revised financial statements.

If the findings concern **substantial errors, irregularities or fraud or serious breach of obligations**: the formal notification will include:

- (a) an invitation to submit observations on the list of grants affected by the findings and
- (b) the flat-rate the Commission intends to apply according to the principle of proportionality.

The beneficiary has 90 days from receiving notification to submit observations or to propose a duly substantiated alternative flat-rate.

The Commission and/or the contractor may then start a reduction procedure, on the basis of:

- the proposed alternative flat-rate, if accepted

or

- the initially notified flat-rate, if it does not receive any observations or does not accept the observations or the proposed alternative flat-rate.

#### **14.9 Consequences of non-compliance**

If a beneficiary breaches any of its obligations under this Article, any insufficiently substantiated costs will be ineligible and will be rejected.

Such breaches may also lead to any of the other measures described in Chapter 6.

### **Article 15 – Evaluation of the impact of the Sub-project**

The Commission and/or the contractor may carry out interim and final evaluations of the impact of the action measured against the objective of the EU programme.

Evaluations may be started during implementation of the action and up to five years after the payment of the balance. The evaluation is considered to start on the date of the formal notification to the coordinator or beneficiary. The Commission and/or the contractor may make these evaluations directly (using its own staff) or indirectly (using external bodies or persons it has authorised to do so).

The beneficiary must provide any information relevant to evaluate the impact of the action, including information in electronic format. If the beneficiary breaches any of its obligations under this Article, the Commission and/or the contractor may apply the measures described in Chapter 6.

## CHAPTER 5: RIGHTS AND OBLIGATIONS RELATED TO BACKGROUND AND RESULTS

### Article 16 – Management of intellectual property

The beneficiary must identify and agree (in writing) on the background for the action (**'agreement on background'**).

**'Background'** means any data, know-how or information — whatever its form or nature (tangible or intangible), including any rights such as intellectual property rights — that:

- is held by the beneficiaries before they acceded to the Agreement, and
- is needed to implement the action or exploit the results.

No rights to the intellectual property held by the Pharaon consortium, its linked third-parties, or subcontractors are granted to the beneficiary unless explicitly stated otherwise.

If the beneficiary breaches any of its obligations under this Article, the grant may be reduced. Such breaches may also lead to any of the other measures described in Chapter 6.

To exercise access rights, this must first be requested in writing (**'request for access'**). **'Access rights'** means rights to use results or background under the terms and conditions laid down in this Agreement.

Waivers of access rights are not valid unless in writing. Unless agreed otherwise, access rights do not include the right to sub-license.

Results are owned by the beneficiary that generates them. **'Results'** means any (tangible or intangible) output of the action such as data, knowledge or information — whatever its form or nature, whether it can be protected or not — that is generated in the action, as well as any rights attached to it, including intellectual property rights.

No rights to the intellectual property held by the Pharaon consortium, its linked third-parties, or subcontracts are granted to the beneficiary unless explicitly stated otherwise.

#### 16.1 Obligation to protect the results

The beneficiary must examine the possibility of protecting its results and must adequately protect them — for an appropriate period and with appropriate territorial coverage — if:

- (a) the results can reasonably be expected to be commercially or industrially exploited and
- (b) protecting them is possible, reasonable and justified (given the circumstances).

When deciding on protection, the beneficiary must consider its own legitimate interests and the legitimate interests (especially commercial) of the other members of the Pharaon consortium.

If the beneficiary intends not to protect its results, to stop protecting them or not seek an extension of protection, the Pharaon consortium may — under certain conditions — assume ownership to ensure their (continued) protection.

## 16.2 Visibility of EU funding

The beneficiary shall, throughout the duration of the Sub-project, take appropriate measures to engage with the public and the media about the Sub-project and **to highlight the financial support of the EC and the Pharaon project**. Unless the contractor requests otherwise, any publicity, including at a conference or seminar or any type of information or promotional material (brochure, leaflet, poster, presentation etc.), must specify that the Sub-project has received research funding from the EC through the Pharaon project and display the European emblem along with the project's logo.

The beneficiary must — unless the contractor requests or agrees otherwise or unless it is impossible — include the following: “The project leading to this application has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 857188”.

When displayed in association with a logo, the European emblem should be given appropriate prominence. This obligation to use the European emblem in respect of projects to which the EC contributes implies no right of exclusive use. It is subject to general third-party use restrictions which do not permit the appropriation of the emblem, or of any similar trademark or logo, whether by registration or by any other means. Under these conditions, the beneficiary is exempted from the obligation to obtain prior permission from the EC to use the emblem.

Any publicity made by the beneficiary in respect of the Sub-project, in whatever form and on or by whatever medium, must specify that it reflects only the author's views and that the EC is not liable for any use that may be made of the information contained therein.

The contractor and or the Commission shall be authorised to publish, in whatever form and on or by whatever medium, the following information:

- the name of the beneficiary
- contact address of the beneficiary
- the general purpose of the Sub-project (publishable summary, etc.)
- the amount of the financial contribution of the EC foreseen for the Sub-project; after the final payment, the amount and rate of the financial contribution of the EC accepted by the EC;
- the estimated amount and rate of the financial contribution of the EC foreseen for the beneficiary in the table of the estimated breakdown of budget.
- the geographic location of the activities carried out;
- the list of dissemination activities and/or of patent (applications) relating to foreground;
- the publishable reports submitted to it (technical reports are excluded, since they are confidential);
- any picture or any audio-visual or web material provided to the contractor in the framework of the Sub-project.

The beneficiary shall ensure that all necessary authorisations for such publication have been obtained and that the publication of the information by the contractor and/or the Commission does not infringe any rights of third parties.

Upon a duly substantiated request by the contractor on behalf of the beneficiary, the Commission may agree to forgo such publicity if disclosure of the information indicated above would risk compromising the beneficiary's security, academic or commercial interests.



## Article 17 – Transfer and licensing of results

### 17.1 Transfer of ownership

The beneficiary may transfer ownership of its results. It must however ensure that its obligations under Articles 26.2, 26.4, 27, 28, 29, 30 and 31 also apply to the new owner and that this owner has the obligation to pass them on in any subsequent transfer.

This does not change the security obligations in Article 37, which still apply.

Unless agreed otherwise (in writing) for specifically-identified third parties or unless impossible under applicable EU and national laws on mergers and acquisitions, a beneficiary that intends to transfer ownership of results must give at least 45 days advance notice (or less if agreed in writing) to the other beneficiaries that still have (or still may request) access rights to the results. This notification must include sufficient information on the new owner to enable any beneficiary concerned to assess the effects on its access rights.

Unless agreed otherwise (in writing) for specifically-identified third parties, any other beneficiary may object within 30 days of receiving notification (or less if agreed in writing), if it can show that the transfer would adversely affect its access rights. In this case, the transfer may not take place until agreement has been reached between the beneficiaries concerned.

### 17.2 Granting licenses

Each beneficiary may grant licences to its results (or otherwise give the right to exploit them), if:

- (a) this does not impede the access rights under Article 31 and
- (b) not applicable.

In addition to Points (a) and (b), exclusive licences for results may be granted only if all the other beneficiaries concerned have waived their access rights (see Article 31.1).

This does not change the dissemination obligations in Article 29 or security obligations in Article 37, which still apply.

## Article 18 – Ethics principles

### 18.1 Obligation to comply with ethical principles

The beneficiary must carry out the action in compliance with:

- ethical principles (including the highest standards of research integrity),
- the ethics guidelines of the Pharaon project as defined in chapter 4.1 of the Guide for applicants,
- and
- (b) applicable international, EU and national law.

The beneficiaries must ensure that the activities under the action have an exclusive focus on civil applications.

In addition, the beneficiary must respect the fundamental principle of research integrity — as set out, for instance, in the European Code of Conduct for Research Integrity.

This implies compliance with the following fundamental principles:

- **reliability** in ensuring the quality of research reflected in the design, the methodology, the analysis and the use of resources;
- **honesty** in developing, undertaking, reviewing, reporting and communicating research in a transparent, fair and unbiased way;
- **respect** for colleagues, research participants, society, ecosystems, cultural heritage and the environment;
- **accountability** for the research from idea to publication, for its management and organisation, for training, supervision and mentoring, and for its wider impacts and means that beneficiaries must ensure that persons carrying out research tasks follow the good research practices and refrain from the research integrity violations described in this Code.

This does not change the other obligations under this Agreement or obligations under applicable international, EU or national law, all of which still apply.

## Article 19 – Conflict of interest

### 19.1 Obligation to avoid conflict of interests

The beneficiary must take all measures to prevent any situation where the impartial and objective implementation of the action is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest (**'conflict of interests'**).

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

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

## Article 20 – Confidentiality

### 20.1 General obligation to maintain confidentiality

During implementation of the sub-project and for four years after the period set out in Article 3, the parties must keep confidential any data, documents or other material (in any form) that is identified as confidential at the time it is disclosed (**'confidential information'**).

If the beneficiary requests, the contractor may agree to keep such information confidential for an additional period beyond the initial four years.

If information has been identified as confidential only orally, it will be considered to be confidential only if this is confirmed in writing within 15 days of the oral disclosure.

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

The beneficiary may disclose confidential information to their personnel or third parties involved in the action only if they:

- need to know to implement the Agreement and
- are bound by an obligation of confidentiality.

It may disclose confidential information to third parties, if:

- this is necessary to implement the Agreement or safeguard the EU's financial interests and
- the recipients of the information are bound by an obligation of confidentiality.

The confidentiality obligations no longer apply if:

- the disclosing party agrees to release the other party;
- the information was already known by the recipient or is given to him without obligation of confidentiality by a third party that was not bound by any obligation of confidentiality;
- the recipient proves that the information was developed without the use of confidential information;
- the information becomes generally and publicly available, without breaching any confidentiality obligation, or
- the disclosure of the information is required by EU or national law.

## Article 21 – Processing of personal data

### 21.1 Processing of personal data by the Contractor

Processing personal data related to this sub-project must follow the Pharaon Data Management Plan.

Any personal data under the Agreement will be processed by the contractor according to the 'notifications of the processing operations' to the DPO of the Pharaon project.

Such data will be processed by the '**data controller**' of the contractor for the purposes of implementing, managing and monitoring the Agreement or protecting the financial interests of the EU (including checks, reviews, audits and investigations).

The persons whose personal data are processed have the right to access and correct their own personal data. For this purpose, they must send any queries about the processing of their personal data to the data controller, via the contact point indicated in the privacy statement(s) that are published on the contractor website.

### 21.2 Processing of personal data by the Beneficiary

The beneficiary must process personal data under the Agreement in compliance with applicable EU and national law on data protection (including authorisations or notification requirements).

The beneficiary may grant their personnel access only to data that is strictly necessary for implementing, managing and monitoring the Agreement.

The beneficiary must inform the personnel whose personal data are collected and processed by the contractor. For this purpose, they must provide them with the privacy statement(s) (see above), before transmitting their data to the contractor.

## CHAPTER 6: SUSPENSIONS AND TERMINATION

### Article 22 – Suspension of payment deadline

The contractor may — at any moment — suspend the payment deadline if a request for payment cannot be approved because:

- it does not comply with the provisions of the Agreement;
- the technical or financial reports have not been submitted or are not complete or additional information is needed, or
- there is doubt about the eligibility of the costs declared in the financial statements and additional checks, reviews, audits or investigations are necessary.

The contractor will formally notify the beneficiary of the suspension and the reasons why. If the conditions for suspending the payment deadline are no longer met, the suspension will be **lifted** — and the remaining period will resume.

If the payment deadline has been suspended due to the non-compliance of the technical or financial reports and the revised report or statement is not submitted or was submitted but is also rejected, the contractor may also terminate the Agreement.

### Article 23 – Suspension of payments

The contractor may — at any moment — suspend payments, if:

(a) a beneficiary (or a natural person who has the power to represent or take decision on its behalf) has committed or is suspected of having committed:

- substantial errors, irregularities or fraud or
- serious breach of obligations under the Agreement or during the award procedure (including improper implementation of the action, submission of false information, failure to provide required information, breach of ethical principles) or

(b) a beneficiary (or a natural person who has the power to represent or take decision on its behalf) has committed — in other EU grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant.

Before suspending payments, the contractor will formally notify the beneficiary:

- informing it of its intention to suspend payments and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If the contractor does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify **confirmation** of the suspension. Otherwise, it will formally notify that the suspension procedure is not continued.

The suspension will **take effect** the day the confirmation notification is sent by the contractor.

If the conditions for resuming payments are met, the suspension will be **lifted**. The contractor will formally notify the beneficiary.

## Article 24 – Suspension of the sub-project implementation by the Beneficiary

The beneficiary may suspend implementation of the action or any part of it, if exceptional circumstances — in particular *force majeure* — make implementation impossible or excessively difficult.

The Beneficiary must immediately formally notify to the contractor about the suspension, stating:

- the reasons why and
- the expected date of resumption.

The suspension will **take effect** the day this notification is received by the contractor. Once circumstances allow for implementation to resume, the beneficiary must immediately formally notify the contractor and request an **amendment** of the Agreement to set the date on which the action will be resumed, extend the duration of the action and make other changes necessary to adapt the action to the new situation — unless the Agreement or the participation of a beneficiary has been terminated.

The suspension will be **lifted** with effect from the resumption date set out in the amendment. This date may be before the date on which the amendment enters into force.

Costs incurred during suspension of the action implementation are not eligible.

## Article 25 – Suspension of the sub-project implementation by the Contractor

The contractor may suspend implementation of the action or any part of it, if:

(a) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed or is suspected of having committed:

- substantial errors, irregularities or fraud or
- serious breach of obligations under the Agreement or during the award procedure (including improper implementation of the action, submission of false information, failure to provide required information, breach of ethical principles);

(b) the beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed — in other EU or Euratom grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant, or

(c) the action is suspected of having lost its scientific or technological relevance.

Before suspending implementation of the action, the contractor will formally notify the beneficiary:

- informing it of its intention to suspend the implementation and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If the contractor does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify **confirmation** of the suspension. Otherwise, it will formally notify that the procedure is not continued.

The suspension will **take effect** five days after confirmation notification is received (or on a later date specified in the notification).

It will be **lifted** if the conditions for resuming implementation of the action are met.

The beneficiary will be formally notified of the lifting and the Agreement will be **amended** to set the date on which the action will be resumed, extend the duration of the action and make other changes necessary to adapt the action to the new situation — unless the Agreement has already been terminated.

The suspension will be lifted with effect from the resumption date set out in the amendment. This date may be before the date on which the amendment enters into force.

Costs incurred during suspension are not eligible.

The beneficiaries may not claim damages due to suspension by the contractor.

Suspension of the action implementation does not affect the contractor's right to terminate the Agreement or participation of the beneficiary, reduce the grant or recover amounts unduly paid.

## Article 26 – Force majeure

'Force majeure' means any situation or event that:

- prevents either party from fulfilling their obligations under the Agreement,
- was unforeseeable, exceptional situation and beyond the parties' control,
- was not due to error or negligence on their part (or on the part of third parties involved in the action), and
- proves to be inevitable in spite of exercising all due diligence.

The following cannot be invoked as force majeure:

- any default of a service, defect in equipment or material or delays in making them available, unless they stem directly from a relevant case of force majeure,
- labour disputes or strikes, or
- financial difficulties.

Any situation constituting force majeure must be formally notified to the other party without delay, stating the nature, likely duration and foreseeable effects.

The parties must immediately take all the necessary steps to limit any damage due to force majeure and do their best to resume implementation of the action as soon as possible.

The party prevented by force majeure from fulfilling its obligations under the Agreement cannot be considered in breach of them.

## CHAPTER 7: FINAL PROVISIONS

### Article 27 – Communication between the parties

#### 27.1 Form and means of communication

Communication under the Agreement (information, requests, submissions, 'formal notifications', etc.) must be made in writing and bear the number of the Agreement.

Contact for formal communication are as follows:

- for the contractor: email, contact person,
- for the beneficiary: email, contact person.

## Article 28 – Amendments to the Agreement

The Agreement may be amended, unless the amendment entails changes to the Agreement which would call into question the decision awarding the grant or breach the principle of equal treatment of applicants.

Amendments may be requested by any of the parties.

The party requesting an amendment must submit a written request.

The request for amendment must include:

- the reasons why;
- the appropriate supporting documents.

If the party receiving the request agrees, it must sign the amendment within 15 days of receiving notification.

If it does not agree, it must formally notify its disagreement within the same deadline. The deadline may be extended, if necessary for the assessment of the request. If no notification is received within the deadline, the request is considered to have been rejected.

An amendment **enters into force** on the day of the signature of the receiving party.

An amendment **takes effect** on the date agreed by the parties or, in the absence of such an agreement, on the date on which the amendment enters into force.

## Article 29 – Applicable law and settlement of disputes

The Agreement is governed by the applicable EU law, supplemented if necessary by the law of Slovenia.

If a dispute concerning the interpretation, application or validity of the Agreement cannot be settled amicably, the General Court — or, on appeal, the Court of Justice of the European Union — has sole jurisdiction. Such actions must be brought under Article 272 of the Treaty on the Functioning of the EU (TFEU).

If a dispute concerns administrative sanctions, offsetting or an enforceable decision under Article 299 TFEU (see Articles 44, 45 and 46), the beneficiaries must bring action before the General Court — or, on appeal, the Court of Justice of the European Union — under Article 263 TFEU.

## Article 30 – Entry into force of the Agreement

The Agreement will enter into force on the day of signature by the Contractor or the Beneficiary, depending on which is later.

