Innovative Medicines Initiative 2 Joint Undertaking (IMI 2 JU)

Multi-beneficiary Model Grant Agreement

(IMI 2 JU MGA — Multi)

Version 5.0
28 November 2017

Disclaimer
This document is aimed at assisting applicants for Horizon 2020 funding. It shows the full range of provisions that may be applied to this type of grant agreement, and is provided for information purposes only. The legally binding grant agreement will be that which is signed by the parties for each action.

HISTORY OF CHANGES		
Version	**Publication Date**	**Changes**
1.0	09.07.2014	▪ Initial version
2.0	03.02.2015	▪ Alignment with the amendments to the general MGA adopted by Commission Decision C(2014)6870
3.0	08.11.2016	▪ Alignment with the amendments to the general MGA adopted by Commission Decision C(2016)4568
4.0	12.05.2017	▪ Alignment with the amendments to the general MGA adopted by Commission Decision C(2017)1270
5.0	28.11.2017	▪ Alignment with the amendments to the general MGA adopted by Commission Decision C(2017)6912; adjustment of visibility clauses

IMI 2 JU MULTI-BENEFICIARY MODEL GRANT AGREEMENT

- **Footnotes in blue will not appear in the text generated by the IT system for signature (since they are internal instructions only).**
- **For options *[in italics, in square brackets]*: the applicable option must be chosen in the IT system. Options not chosen will automatically either not appear or appear as 'not applicable'. Options chosen will appear *in italics* without brackets and without the Option title (to allow beneficiaries to easily spot that a specific rule applies).**
- **For fields in [grey in square brackets] (even if they are part of an option as specified in the previous item): enter the appropriate data in the IT system.**
- **The IT system will generate a data sheet confirming the options chosen and the data entered.**

GRANT AGREEMENT

NUMBER [insert number] — [insert acronym]

This **Agreement** ('the Agreement') is **between** the following parties:

on the one part,

The **Innovative Medicines Initiative 2 Joint Undertaking** ('the JU'), represented for the purposes of signature of this Agreement by the JU Executive Director or his/her representative, [forename and surname],[1]

and

on the other part,

1. 'the coordinator':

[**full official name (short name)**], established in [official address in full], ***[OPTION for beneficiaries with VAT:*** *VAT number [insert number],]* ***[OPTION for coordinators not receiving JU funding:*** *as 'beneficiary not receiving JU funding' (see Article 9),]* represented for the purposes of signing the Agreement by [function, forename and surname]

[1] The person representing the JU must be an authorising officer.

and the following other beneficiaries, if they sign their 'Accession Form' (see Annex 3 and Article 56):

2. [**full official name (short name)**], established in [official address in full], ***[OPTION for beneficiaries with VAT:*** *VAT number [insert number],]*

[OPTION for beneficiaries not receiving JU funding: *X. [**full official name (short name)**], established in [official address in full], [**OPTION for beneficiaries with VAT:** VAT number [insert number],] as 'beneficiary not receiving JU funding' (see Article 9),**]***

[same for each beneficiary]

Unless otherwise specified, references to 'beneficiary' or 'beneficiaries' include the coordinator.

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

The JU receives contributions from the European Union's Horizon 2020 research and innovation programme and support from [insert names of the JU members other than the Union][***OPTION for grant agreements where associated partners are involved****: and from [**insert name(s) of the associated partner(s)**]]*.

By signing the Agreement or the Accession Form, the beneficiaries accept the grant and agree to implement it under their own responsibility and in accordance with the Agreement, with all the obligations and conditions it sets out.

The Agreement is composed of:

Terms and Conditions

Annex 1 Description of the action

Annex 2 Estimated budget for the action

2a Additional information on the estimated budget

Annex 3 Accession Forms

[OPTION to be used if Article 14 applies and if joint and several liability has been requested by the JU: *3a Declaration on joint and several liability of linked third parties**]***

Annex 4 Model for the financial statements

Annex 5 Model for the certificate on the financial statements

Annex 6 Model for the certificate on the methodology

TERMS AND CONDITIONS

TABLE OF CONTENTS

CHAPTER 1 GENERAL 11
ARTICLE 1 — SUBJECT OF THE AGREEMENT 11
CHAPTER 2 ACTION 11
ARTICLE 2 — ACTION TO BE IMPLEMENTED *[— COMPLEMENTARY GRANT] [— JOINTLY FUNDED ACTION]* 11
ARTICLE 3 — DURATION AND STARTING DATE OF THE ACTION 11
ARTICLE 4 — ESTIMATED BUDGET AND BUDGET TRANSFERS 11
4.1 Estimated budget 11
4.2 Budget transfers 12
CHAPTER 3 GRANT 12
ARTICLE 5 — GRANT AMOUNT, FORM OF GRANT, REIMBURSEMENT RATES AND FORMS OF COSTS 12
5.1 Maximum grant amount 12
5.2 Form of grant, reimbursement rates and forms of costs 12
5.3 Final grant amount — Calculation 14
5.4 Revised final grant amount — Calculation 16
ARTICLE 6 — ELIGIBLE AND INELIGIBLE COSTS 16
6.1 General conditions for costs to be eligible 16
6.2 Specific conditions for costs to be eligible 17
6.3 Conditions for costs of linked third parties to be eligible 26
6.4 Conditions for in-kind contributions provided by third parties free of charge to be eligible 26
6.5 Ineligible costs 27
6.6 Consequences of declaration of ineligible costs 27
CHAPTER 4 RIGHTS AND OBLIGATIONS OF THE PARTIES 28
SECTION 1 RIGHTS AND OBLIGATIONS RELATED TO IMPLEMENTING THE ACTION .. 28
ARTICLE 7 — GENERAL OBLIGATION TO PROPERLY IMPLEMENT THE ACTION 28
7.1 General obligation to properly implement the action 28
7.2 Consequences of non-compliance 28
ARTICLE 8 — RESOURCES TO IMPLEMENT THE ACTION — THIRD PARTIES INVOLVED IN THE ACTION 28
ARTICLE 9 — IMPLEMENTATION OF ACTION TASKS BY BENEFICIARIES NOT RECEIVING JU FUNDING 29
[OPTION 1 for beneficiaries not receiving JU funding: 9.1 Rules for the implementation of action tasks by beneficiaries not receiving JU funding 29
9.2 Consequences of non-compliance 30
ARTICLE 10 — PURCHASE OF GOODS, WORKS OR SERVICES 30
10.1 Rules for purchasing goods, works or services 30
10.2 Consequences of non-compliance 31
ARTICLE 11 — USE OF IN-KIND CONTRIBUTIONS PROVIDED BY THIRD PARTIES AGAINST PAYMENT 31
11.1 Rules for the use of in-kind contributions against payment 31
11.2 Consequences of non-compliance 31
ARTICLE 12 — USE OF IN-KIND CONTRIBUTIONS PROVIDED BY THIRD PARTIES FREE OF CHARGE 32

12.1 Rules for the use of in-kind contributions free of charge 32
12.2 Consequences of non-compliance 32
ARTICLE 13 — IMPLEMENTATION OF ACTION TASKS BY SUBCONTRACTORS 32
13.1 Rules for subcontracting action tasks 32
13.2 Consequences of non-compliance 35
ARTICLE 14 — IMPLEMENTATION OF ACTION TASKS BY LINKED THIRD PARTIES **Error! Bookmark not defin**
[OPTION 1: 14.1 Rules for calling upon linked third parties to implement part of the action **Error! Bookmark not defi**
14.2 Consequences of non-compliance ..... **Error! Bookmark not defined.**
ARTICLE 14a — IMPLEMENTATION OF ACTION TASKS BY INTERNATIONAL PARTNERS 36
ARTICLE 15 — FINANCIAL SUPPORT TO THIRD PARTIES 36
15.1 Rules for providing financial support to third parties 37
15.2 Financial support in the form of prizes 38
15.3 Consequences of non-compliance 38
ARTICLE 16 — PROVISION OF TRANS-NATIONAL OR VIRTUAL ACCESS TO RESEARCH INFRASTRUCTURE 38
16.1 Rules for providing trans-national access to research infrastructure 38
16.2 Rules for providing virtual access to research infrastructure 40
16.3 Consequences of non-compliance 41
SECTION 2 RIGHTS AND OBLIGATIONS RELATED TO THE GRANT ADMINISTRATION 41
ARTICLE 17 — GENERAL OBLIGATION TO INFORM 41
17.1 General obligation to provide information upon request 41
17.2 Obligation to keep information up to date and to inform about events and circumstances likely to affect the Agreement 42
17.3 Consequences of non-compliance 42
ARTICLE 18 — KEEPING RECORDS — SUPPORTING DOCUMENTATION 42
18.1 Obligation to keep records and other supporting documentation 42
18.2 Consequences of non-compliance 44
ARTICLE 19 — SUBMISSION OF DELIVERABLES 44
19.1 Obligation to submit deliverables 44
19.2 Consequences of non-compliance 45
ARTICLE 20 — REPORTING — PAYMENT REQUESTS 45
20.1 Obligation to submit reports 45
20.2 Reporting periods 45
20.3 Periodic reports — Requests for interim payments 45
20.4 Final report — Request for payment of the balance 47
20.5 Information on cumulative expenditure incurred 47
20.6 Currency for financial statements and conversion into euro 48
20.7 Language of reports 48
20.8 Consequences of non-compliance 48
ARTICLE 21 — PAYMENTS AND PAYMENT ARRANGEMENTS 48
21.1 Payments to be made 48
21.2 Pre-financing payment — Amount — Amount retained for the Guarantee Fund 49
21.3 Interim payments — Amount — Calculation 49
21.4 Payment of the balance — Amount — Calculation — Release of the amount retained for the Guarantee Fund 50
21.5 Notification of amounts due 51

21.6 Currency for payments ... 51
21.7 Payments to the coordinator — Distribution to the beneficiaries ... 51
21.8 Bank account for payments ... 51
21.9 Costs of payment transfers ... 52
21.10 Date of payment ... 52
21.11 Consequences of non-compliance ... 52
ARTICLE 22 — CHECKS, REVIEWS, AUDITS AND INVESTIGATIONS — EXTENSION OF FINDINGS ... 53
22.1 Checks, reviews and audits by the JU and the Commission ... 53
22.2 Investigations by the European Anti-Fraud Office (OLAF) ... 55
22.3 Checks and audits by the European Court of Auditors (ECA) ... 55
22.4 Checks, reviews, audits and investigations for international organisations ... 55
22.5 Consequences of findings in checks, reviews, audits and investigations —Extension of findings ... 55
22.6 Consequences of non-compliance ... 57
ARTICLE 23 — EVALUATION OF THE IMPACT OF THE ACTION ... 58
23.1 Right to evaluate the impact of the action ... 58
23.2 Consequences of non-compliance ... 58
SECTION 3 RIGHTS AND OBLIGATIONS RELATED TO BACKGROUND AND RESULTS59
ARTICLE 23a — MANAGEMENT OF INTELLECTUAL PROPERTY ... 59
23a.1 Obligation to take measures to implement the Commission Recommendation on the management of intellectual property in knowledge transfer activities ... 59
23a.2 Consequences of non-compliance ... 59
ARTICLE 24 — AGREEMENT ON BACKGROUND ... 59
24.1 Agreement on background ... 59
24.2 Consequences of non-compliance ... 60
ARTICLE 24a — TRANSFER AND LICENSING OF BACKGROUND ... 60
ARTICLE 25 — ACCESS RIGHTS TO BACKGROUND ... 60
25.1 Exercise of access rights — Waiving of access rights — No sub-licensing ... 60
25.2 Access rights for other beneficiaries, for implementing their own tasks under the action ... 61
25.3 Access rights for other beneficiaries and their affiliated entities, for exploiting results ... 61
25.4 Access rights for third parties ... 62
25.5 Consequences of non-compliance ... 62
ARTICLE 26 — OWNERSHIP OF RESULTS ... 63
26.1 Ownership by the beneficiary that generates the results ... 63
26.2 Joint ownership by several beneficiaries ... 63
26.3 Rights of third parties (including personnel) ... 64
26.4 JU ownership, to protect results ... 64
26.5 Consequences of non-compliance ... 65
ARTICLE 27 — PROTECTION OF RESULTS — VISIBILITY OF JU FUNDING AND SUPPORT FROM JU MEMBERS ... 65
27.1 Obligation to protect the results ... 65
27.2 JU ownership, to protect the results ... 65
27.3 Information on JU funding and support from JU members *[and associated partners]* ... 65
27.4 Consequences of non-compliance ... 66
ARTICLE 28 — EXPLOITATION OF RESULTS ... 66
28.1 Obligation to exploit the results ... 66

28.2 Results that could contribute to European or international standards — Information on JU funding and support from JU members *[and associated partners]* ... 66
28.3 Consequences of non-compliance ... 67
ARTICLE 29 — DISSEMINATION OF RESULTS — OPEN ACCESS — VISIBILITY OF JU FUNDING AND SUPPORT FROM JU MEMBERS ... 67
29.1 Obligation to disseminate results ... 67
29.2 Open access to scientific publications ... 68
29.3 Open access to research data ... 68
29.4 Information on JU funding and support from JU members *[and associated partners]* — Obligation and right to use the logos and the EU emblem ... 70
29.5 Disclaimer excluding JU responsibility ... 71
29.6 Consequences of non-compliance ... 71
ARTICLE 30 — TRANSFER AND LICENSING OF RESULTS ... 71
30.1 Transfer of ownership ... 71
30.2 Granting licences ... 72
30.3 JU right to object to transfers or licensing ... 72
30.4 Consequences of non-compliance ... 73
ARTICLE 31 — ACCESS RIGHTS TO RESULTS ... 73
31.1 Exercise of access rights — Waiving of access rights — No sub-licensing ... 73
31.2 Access rights for other beneficiaries, for implementing their own tasks under the action ... 73
31.3 Access rights for other beneficiaries and their affiliated entities, for exploiting results ... 73
31.4 Not applicable ... 74
31.5 Access rights for the JU, the EU institutions, bodies, offices or agencies and EU Member States ... 74
31.6 Access rights for third parties ... 74
31.7 Consequences of non-compliance ... 75
SECTION 4 OTHER RIGHTS AND OBLIGATIONS ... 76
ARTICLE 32 — RECRUITMENT AND WORKING CONDITIONS FOR RESEARCHERS ... 76
32.1 Obligation to take measures to implement the European Charter for Researchers and Code of Conduct for the Recruitment of Researchers ... 76
32.2 Consequences of non-compliance ... 76
ARTICLE 33 — GENDER EQUALITY ... 76
33.1 Obligation to aim for gender equality ... 76
33.2 Consequences of non-compliance ... 76
ARTICLE 34 — ETHICS AND RESEARCH INTEGRITY ... 76
34.1 Obligation to comply with ethical and research integrity principles ... 76
34.2 Activities raising ethical issues ... 78
34.3 Activities involving human embryos or human embryonic stem cells ... 78
34.4 Consequences of non-compliance ... 78
ARTICLE 35 — CONFLICT OF INTERESTS ... 78
35.1 Obligation to avoid a conflict of interests ... 78
35.2 Consequences of non-compliance ... 79
ARTICLE 36 — CONFIDENTIALITY ... 79
36.1 General obligation to maintain confidentiality ... 79
36.2 Consequences of non-compliance ... 80
ARTICLE 37 — SECURITY-RELATED OBLIGATIONS ... 80
37.1 Results with a security recommendation ... 80

37.2 Classified information ... 80
37.3 Activities involving dual-use goods or dangerous materials and substances ... 81
37.4 Consequences of non-compliance ... 81
ARTICLE 38 — PROMOTING THE ACTION — VISIBILITY OF JU FUNDING AND SUPPORT FROM JU MEMBERS ... 81
38.1 Communication activities by beneficiaries ... 81
38.2 Communication activities by the JU ... 83
38.3 Consequences of non-compliance ... 84
ARTICLE 39 — PROCESSING OF PERSONAL DATA ... 84
39.1 Processing of personal data by the JU and the Commission ... 84
39.2 Processing of personal data by the beneficiaries ... 84
39.3 Consequences of non-compliance ... 85
ARTICLE 40 — ASSIGNMENTS OF CLAIMS FOR PAYMENT AGAINST THE JU ... 85
CHAPTER 5 DIVISION OF BENEFICIARIES' ROLES AND RESPONSIBILITIES — RELATIONSHIP WITH COMPLEMENTARY BENEFICIARIES — RELATIONSHIP WITH PARTNERS OF A JOINT ACTION ... 86
ARTICLE 41 — DIVISION OF BENEFICIARIES' ROLES AND RESPONSIBILITIES — RELATIONSHIP WITH COMPLEMENTARY BENEFICIARIES — RELATIONSHIP WITH PARTNERS OF A JOINT ACTION ... 86
41.1 Roles and responsibilities towards the JU ... 86
41.2 Internal division of roles and responsibilities ... 86
41.3 Internal arrangements between beneficiaries — Consortium agreement ... 87
41.4 Relationship with complementary beneficiaries — Collaboration agreement ... 88
41.5 Relationship with partners of a joint action — Coordination agreement ... 88
CHAPTER 6 REJECTION OF COSTS — REDUCTION OF THE GRANT — RECOVERY — SANCTIONS — DAMAGES — SUSPENSION — TERMINATION — FORCE MAJEURE ... 89
SECTION 1 REJECTION OF COSTS — REDUCTION OF THE GRANT — RECOVERY — SANCTIONS ... 89
ARTICLE 42 — REJECTION OF INELIGIBLE COSTS ... 89
42.1 Conditions ... 89
42.2 Ineligible costs to be rejected — Calculation — Procedure ... 89
42.3 Effects ... 90
ARTICLE 43 — REDUCTION OF THE GRANT ... 90
43.1 Conditions ... 90
43.2 Amount to be reduced — Calculation — Procedure ... 90
43.3 Effects ... 91
ARTICLE 44 — RECOVERY OF UNDUE AMOUNTS ... 91
44.1 Amount to be recovered — Calculation — Procedure ... 91
ARTICLE 45 — ADMINISTRATIVE SANCTIONS ... 96
SECTION 2 LIABILITY FOR DAMAGES ... 97
ARTICLE 46 — LIABILITY FOR DAMAGES ... 97
46.1 Liability of the JU ... 97
46.2 Liability of the beneficiaries ... 97
SECTION 3 SUSPENSION AND TERMINATION ... 98
ARTICLE 47 — SUSPENSION OF PAYMENT DEADLINE ... 98
47.1 Conditions ... 98
47.2 Procedure ... 98

ARTICLE 48 — SUSPENSION OF PAYMENTS 98
48.1 Conditions 98
48.2 Procedure 99
ARTICLE 49 — SUSPENSION OF THE ACTION IMPLEMENTATION 99
49.1 Suspension of the action implementation, by the beneficiaries 99
49.2 Suspension of the action implementation, by the JU 100
ARTICLE 50 — TERMINATION OF THE AGREEMENT OR OF THE PARTICIPATION OF ONE OR MORE BENEFICIARIES 101
50.1 Termination of the Agreement, by the beneficiaries 101
50.2 Termination of the participation of one or more beneficiaries, by the beneficiaries 102
50.3 Termination of the Agreement or the participation of one or more beneficiaries, by the JU 105
SECTION 4 FORCE MAJEURE 110
ARTICLE 51 — FORCE MAJEURE 110
CHAPTER 7 FINAL PROVISIONS 111
ARTICLE 52 — COMMUNICATION BETWEEN THE PARTIES 111
52.1 Form and means of communication 111
52.2 Date of communication 111
52.3 Addresses for communication 112
ARTICLE 53 — INTERPRETATION OF THE AGREEMENT 112
53.1 Precedence of the Terms and Conditions over the Annexes 112
53.2 Privileges and immunities 112
ARTICLE 54 — CALCULATION OF PERIODS, DATES AND DEADLINES 112
ARTICLE 55 — AMENDMENTS TO THE AGREEMENT 113
55.1 Conditions 113
55.2 Procedure 113
ARTICLE 56 — ACCESSION TO THE AGREEMENT 113
56.1 Accession of the beneficiaries mentioned in the Preamble 113
56.2 Addition of new beneficiaries 114
ARTICLE 57 — APPLICABLE LAW AND SETTLEMENT OF DISPUTES 114
57.1 Applicable law 114
57.2 Dispute settlement 115
ARTICLE 58 — ENTRY INTO FORCE OF THE AGREEMENT 115

CHAPTER 1 GENERAL

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.

CHAPTER 2 ACTION

ARTICLE 2 — ACTION TO BE IMPLEMENTED *[— COMPLEMENTARY GRANT] [— JOINTLY FUNDED ACTION]*

The grant is awarded for the action entitled **[insert title of the action]** — **[insert acronym]** ('**action**'), as described in Annex 1.

[OPTION for complementary grants if foreseen in the work plan: *The grant is a '**complementary grant**' to [the grant agreement(s) under the call(s) for proposals [call identifier(s): H2020 — theme —]] [the following complementary grant agreement(s) No(s):*

- *[insert number] [insert acronym]*
- *[insert number] [insert acronym]]**.]***

[OPTION for joint actions (joint call with a third country or an international organisation)*: The action is a '**jointly funded action**' which must be coordinated with the 'joint action' called [insert the name of the third country or international organisation action], as described in Annex 1.**]***

ARTICLE 3 — DURATION AND STARTING DATE OF THE ACTION

The duration of the action will be ***[insert number]*** **months** as of *[**OPTION 1 by default:** the first day of the month following the date the Agreement enters into force (see Article 58)] [**OPTION 2 if needed for the action:** [insert date]]*[2] ('**starting date of the action**').

ARTICLE 4 — ESTIMATED BUDGET AND BUDGET TRANSFERS

4.1 Estimated budget

The '**estimated budget**' for the action is set out in Annex 2.

It contains the estimated eligible costs and the forms of costs, broken down by beneficiary *[(and linked third party)]* and budget category (see Articles 5, 6, *[and 14]*). ***[OPTION to be***

[2] This date must be the first day of a month and it must be later than the date of entry into force of the agreement, unless authorised otherwise by the authorising officer, if the applicant can demonstrate the need to start the action before the entry into force of the grant agreement or the need to start the action on another day than the first day of the month. In any case, the starting date should not be earlier than the date of the submission of the grant application (Article 130 FR).

used if Article 9 or 14a applies: *It also shows the estimated costs of the [beneficiaries not receiving JU funding (see Article 9)] [and] [international partners (see Article 14a)].]*

4.2 Budget transfers

The estimated budget breakdown indicated in Annex 2 may be adjusted — without an amendment (see Article 55) — by transfers of amounts between beneficiaries, budget categories and/or forms of costs set out in Annex 2, if the action is implemented as described in Annex 1.

However, the beneficiaries may not add costs relating to subcontracts not provided for in Annex 1, unless such additional subcontracts are approved by an amendment or in accordance with Article 13.

[OPTION if lump sum foreseen in Article 5.2*: Moreover, lump sums set out in Annex 2 can never be adjusted.**]***

CHAPTER 3 GRANT

ARTICLE 5 — GRANT AMOUNT, FORM OF GRANT, REIMBURSEMENT RATES AND FORMS OF COSTS

5.1 Maximum grant amount

The '**maximum grant amount**' is **EUR [insert amount** (insert amount in words)**]**.

5.2 Form of grant, reimbursement rates and forms of costs

The grant reimburses ***[OPTION 1 for research and innovation actions (RIA) and coordination and support actions (CSA): 100 %*** *of the action's eligible costs**] [OPTION 2 for innovation actions (IA)[3]: 100%*** *of the eligible costs for beneficiaries [and linked third parties] that are non-profit legal entities[4] and **70%** of the eligible costs for beneficiaries [and linked third parties that are profit legal entities**] [OPTION 3 for exceptional cases if foreseen in the work plan:** *[**OPTION A for RIA and CSA:** […%] of the action's eligible costs] [**OPTION B for IA:** […%] of the eligible costs for beneficiaries [and linked third*

[3] For the definition, see Article 2.1(6) of Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)" ('**Rules for Participation Regulation No 1290/2013**') (OJ L 347, 20.12.2013 p.81): '**innovation action**' means an action primarily consisting of activities directly aiming at producing plans and arrangements or designs for new, altered or improved products, processes or services. For this purpose they may include prototyping, testing, demonstrating, piloting, large-scale product validation and market replication.

[4] For the definition, see Article 2.1(14) of the Rules for Participation Regulation (EU) No 1290/2013: '**non-profit legal entity**' means a legal entity which by its legal form is non-profit-making or which has a legal or statutory obligation not to distribute profits to its shareholders or individual members.

parties] that are non-profit legal entities[5] *and [**…%**] of the eligible costs for beneficiaries [and linked third parties] that are profit legal entities]**]** (see Article 6) ('**reimbursement of eligible costs grant**') (see Annex 2).

The estimated eligible costs of the action are EUR **[insert amount** (insert amount in words)**]**.

Eligible costs (see Article 6) must be declared under the following forms ('**forms of costs**'):

(a) for **direct personnel costs** *[(excluding direct personnel costs covered by the unit cost[/lump sum] under Point (f))]*[6]:

- 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** not receiving a salary (see Article 6.2, Point A.4) must be declared on the basis of the amount per unit set out in Annex 2a (**unit costs**);

(b) for **direct costs of subcontracting** *[(excluding subcontracting costs covered by the unit cost[/lump sum] under Point (f))]*[7]: as actually incurred costs (**actual costs**);

(c) for **direct costs of providing financial support to third parties** *[(excluding costs of financial support covered by the unit cost[/lump sum] under Point (f))]*[8]: *[**OPTION 1 to be used if Article 15 applies**: as actually incurred costs (**actual costs**);][**OPTION 2**: not applicable;]*

(d) for **other direct costs** *[(excluding other direct costs covered by the unit cost[/lump sum] under Point (f))]*[9]:

- 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**);

(e) for **indirect costs** *[(excluding indirect costs covered by the unit cost[/lump sum] under Point (f))]*[10]: on the basis of a flat-rate applied as set out in Article 6.2, Point E ('**flat-rate costs**');

---

5 For the definition, see Article 2.1(14) of the Rules for Participation Regulation (EU) No 1290/2013: '**non-profit legal entity**' means a legal entity which by its legal form is non-profit-making or which has a legal or statutory obligation not to distribute profits to its shareholders or individual members.

6 To be used only if option in Point (f) is used.

7 To be used only if option in Point (f) is used.

8 To be used only if option in Point (f) is used.

9 To be used only if option in Point (f) is used.

10 To be used only if option in Point (f) is used.

(f) ***[OPTION 1a for specific unit costs (if unit cost foreseen by Commission decision and applicable to the grant):*** *for [**insert name of specific cost category(ies)**[11]]: on the basis of the amount(s) per unit set out in Annex 2a*[12] ***(unit costs).]***

[OPTION 1b for specific lump sum costs (if lump sum foreseen by Commission decision and applicable to the grant): *for [**insert name of specific cost category(ies)**]: as the lump sum set out in Annex 2 ('**lump sum costs**').]*

[OPTION 2: specific cost category(ies): *not applicable.]*

5.3 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 by the JU — when the payment of the balance is made (see Article 21.4) — in the following steps:

Step 1 — Application of the reimbursement rates to the eligible costs

Step 2 — Limit to the maximum grant amount

Step 3 — Reduction due to the no-profit rule

Step 4 — Reduction due to substantial errors, irregularities or fraud or serious breach of obligations

5.3.1 Step 1 — Application of the reimbursement rates to the eligible costs

The reimbursement rate(s) (see Article 5.2) are applied to the eligible costs (actual costs, unit costs and flat-rate costs *[and lump sum costs]*; see Article 6) declared by the beneficiaries *[and linked third parties]* (see Article 20) and approved by the JU (see Article 21).

5.3.2 Step 2 — Limit to the maximum grant amount

If the amount obtained following Step 1 is higher than the maximum grant amount set out in Article 5.1, it will be limited to the latter.

5.3.3 Step 3 — Reduction due to the no-profit rule

The grant must not produce a profit.

---

[11] Insert precise name of the cost category (as in the Commission decision authorising the use of the unit cost/lump sum). For example: 'access costs for providing trans-national access to research infrastructure', 'costs for clinical studies', 'costs for energy efficiency measures in buildings'.

[12] Annex 2a must clearly show, for each beneficiary (and linked third party) concerned, all the parameters for the unit cost (i.e. the unit(s), the amount(s) per unit, the research installation/infrastructure for which it is used, the clinical study for which it is used, etc.).

'**Profit**' means the surplus of the amount obtained following Steps 1 and 2 plus the action's total receipts, over the action's total eligible costs.

The '**action's total eligible costs**' are the consolidated total eligible costs approved by the JU.

The '**action's total receipts**' are the consolidated total receipts generated during its duration (see Article 3).

The following are considered **receipts**:

(a) income generated by the action; if the income is generated from selling equipment or other assets purchased under the Agreement, the receipt is up to the amount declared as eligible under the Agreement;

(b) financial contributions to the beneficiary ***[OPTION for linked third parties:*** *or to a linked third party****]*** specifically to be used for the action, given by:

(i) a third party or

(ii) a beneficiary not receiving JU funding which is:

- a JU member or a constituent or affiliated entity of a JU member or
- a JU associated partner or a constituent or affiliated entity of a JU associated partner , and

(c) in-kind contributions provided by third parties free of charge and specifically to be used for the action, if they have been declared as eligible costs.

The following are however not considered receipts:

(a) income generated by exploiting the action's results (see Article 28);

(b) financial contributions by third parties, if they may be used to cover costs other than the eligible costs (see Article 6);

(c) financial contributions by third parties with no obligation to repay any amount unused at the end of the period set out in Article 3.

If there is a profit, it will be deducted from the amount obtained following Steps 1 and 2.

5.3.4 Step 4 — Reduction due to substantial errors, irregularities or fraud or serious breach of obligations — Reduced grant amount — Calculation

If the grant is reduced (see Article 43), the JU 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, in accordance with Article 43.2) from the maximum grant amount set out in Article 5.1.

The final grant amount will be the lower of the following two:

- the amount obtained following Steps 1 to 3 or

- the reduced grant amount following Step 4.

5.4 Revised final grant amount — Calculation

If — after the payment of the balance (in particular, after checks, reviews, audits or investigations; see Article 22) — the JU rejects costs (see Article 42) or reduces the grant (see Article 43), it will calculate the '**revised final grant amount**' for the beneficiary concerned by the findings.

This amount is calculated by the JU 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 JU 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 (see Article 43.2).

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 6 — ELIGIBLE AND INELIGIBLE COSTS

6.1 General conditions for costs to be eligible

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

(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 3, with the exception of costs relating to the submission of the periodic report for the last reporting period and the final report (see Article 20);

(iii) they must be indicated in the estimated budget set out in 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 applicable in 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 social security, 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**:

(i) they must be calculated as follows:

{amounts per unit set out in Annex 2a or calculated by the beneficiary in accordance with its usual cost accounting practices (see Article 6.2, Point A and Article 6.2.D.5)

multiplied by

the number of actual units};

(ii) 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 (see Article 18);

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

(i) they must be calculated by applying the flat-rate set out in Annex 2, and

(ii) the costs (actual costs or unit costs *[or lump-sum costs]*) to which the flat-rate is applied must comply with the conditions for eligibility set out in this Article*[;][.]*

(d) ***[OPTION if lump sum foreseen in Article 5.2**: for **lump sum costs:***

(i) the eligible amount is equal to the amount set out in Annex 2, and

*(ii) the corresponding tasks or parts of the action must have been properly implemented in accordance with Annex 1.**]***

6.2 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. ***[OPTION 1 to be used if Article 15 applies:*** *direct costs of providing financial support to third parties;**]*** ***[OPTION 2:*** *not applicable*;***]***
D. other direct costs;
E. indirect costs;
F. ***[OPTION 1 for specific unit****[/**lump sum**]* ***costs****: [insert name(s) of specific cost category(ies)*[13]*]]**[OPTION 2:*** *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 below).

'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 *[(not covered by Point F)]*

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[14] 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:

(a) 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;

(b) 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:

(a) if the person works full time and exclusively on the action during the full year: up to EUR 8 000;

[13] Insert precise name of the cost category (as in the Commission decision authorising the use of the unit cost/lump sum). For example: 'access costs for providing trans-national access to research infrastructure', 'costs for clinical studies', 'costs for energy efficiency measures in buildings'.

[14] For the definition, see Article 2.1(14) of the Rules for Participation Regulation No 1290/2013: '**non-profit legal entity**' means a legal entity which by its legal form is non-profit-making or which has a legal or statutory obligation not to distribute profits to its shareholders or individual members.

(b) 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

(c) 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 if the conditions in Article 11.1 are met.

A.4 **Costs of owners** of beneficiaries that are micro, 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 set out in Annex 2a multiplied by the number of actual hours worked on the action.

A.5 **Costs of** '**beneficiaries that are natural persons**' Not applicable.

[*A.6 [****OPTION to be used for trans-national access to research infrastructure: Personnel costs for providing trans-national access to research infrastructure*** *are eligible only if also the conditions set out in Article 16.1.1 are met.] [****OPTION to be used for virtual access to research infrastructure: Personnel costs for providing virtual access to research infrastructure*** *are eligible only if also the conditions set out in Article 16.2 are met.]****]***

Calculation

Personnel costs must be calculated by the beneficiaries as follows:

{{hourly rate

multiplied by

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 (see Article 18).

The total number of hours declared in JU, EU or Euratom 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 for that year, for other JU, EU or Euratom 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 *[and A.6]*): 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 beneficiaries must use the hourly rate of the last closed financial year available.

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

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

(ii) '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;

(iii) '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, beneficiaries 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, beneficiaries 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 beneficiaries may include only the share which is generated in the month (irrespective of the amount actually paid for that month).

Each beneficiary must use only one option (per full financial year or per month) for each full financial year;

(b) for personnel costs declared on the basis of **unit costs** (i.e. budget categories A.1, A.2, A.4 *[and A.6]*): the hourly rate is one of the following:

(i) for SME owners: the hourly rate set out in Annex 2a (see Point A.4 above), or

(ii) 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 *[(not covered by Point F)]* (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 13.1.1 are met.

[OPTION to be used for trans-national access to research infrastructure: *Subcontracting costs* ***for providing trans-national access to research infrastructure*** *are eligible only if also the conditions set out in Article 16.1.1 are met.**]***

[OPTION to be used for virtual access to research infrastructure: *Subcontracting costs* ***for providing virtual access to research infrastructure*** *are eligible only if also the conditions set out in Article 16.2 are met.**]***

C. Direct costs of providing financial support to third parties *[(not covered by Point F)]*

[OPTION 1a to be used if Article 15.1 applies: *C.1* ***Direct costs of providing financial support*** *are eligible if the conditions set out in Article 15.1.1 are met.**]***

[OPTION 1b to be used if Article 15.2 applies: *C.2* ***Direct costs of providing financial support in the form of prizes*** *are eligible if the conditions set out in Article 15.2.1 are met.**]***

[OPTION 2**: Not applicable**]

D. Other direct costs *[(not covered by Point F)]*

D.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.

[OPTION to be used for trans-national access to research infrastructure:** Travel costs **for providing trans-national access to research infrastructure** are eligible only if also the conditions set out in Article 16.1.1 are met.**]

D.2 ***[OPTION 1 by default**: 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 10.1.1 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, do not include any financing fees and if the conditions in Article 11.1 are met.*

*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.**]***

***[OPTION 2 (alternative to option above) to be used if foreseen in the work plan[15]:** The **cost of purchasing equipment**, **infrastructure** or **other assets** (new or second-hand) (as recorded in the beneficiary's accounts) are eligible if the equipment, infrastructure or other assets was purchased in accordance with Article 10.1.1.*

*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, do not include any financing fees and if the conditions in Article 11.1 are met.**]***

***[OPTION (in addition to one of the two first options above) for trans-national access to research infrastructure:** As an exception, the beneficiaries must not declare such costs (i.e.*

[15] To be used as an exception, only if justified by the nature of the action and the context of the use of the equipment or assets, if provided for in the work plan.

*costs of renting, leasing, purchasing depreciable equipment, infrastructure and other assets) for providing trans-national access to research infrastructure (see Article 16.1).**]***

[OPTION (in addition to one of the two first options above) for virtual access to research infrastructure, unless the work plan explicitly allows capital investments for virtual access to research infrastructure:** As an exception, the beneficiaries must not declare such costs (i.e. costs of renting, leasing, purchasing depreciable equipment, infrastructure and other assets) for providing virtual access to research infrastructure (see Article 16.2).**]

D.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 10.1.1 or

(b) contributed in kind against payment and in accordance with Article 11.1.

Such goods and services include, for instance, consumables and supplies, dissemination (including open access), protection of results, certificates on the financial statements (if they are required by the Agreement), certificates on the methodology, translations and publications.

[OPTION to be used for trans-national access to research infrastructure:** Costs of other goods and services **for providing trans-national access to research infrastructure** are eligible only if also the conditions set out in Article 16.1.1 are met.**]

[OPTION to be used for virtual access to research infrastructure:** Costs of other goods and services **for providing virtual access to research infrastructure** are eligible only if also the conditions set out in Article 16.2 are met.**]

D.4 **Capitalised and operating costs of** '**large research infrastructure**'[16] ***[OPTION 1 by default:** 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[17]);

[16] '**Large research infrastructure**' means research infrastructure of a total value of at least EUR 20 million, for a beneficiary, calculated as the sum of historical asset values of each individual research infrastructure of that beneficiary, as they appear 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.

[17] For the definition, see Article 2(6) of the H2020 Framework Programme Regulation No 1291/2013: '**Research infrastructure**' are facilities, resources and services that are used by the research communities to conduct research and foster innovation in their fields. Where relevant, they may be used beyond research, e.g. for education or public services. They include: major scientific equipment (or sets of instruments); knowledge-based resources such as collections, archives or scientific data; e-infrastructures such as data and computing systems and communication networks; and any other infrastructure of a unique nature essential to achieve excellence in research and innovation. Such infrastructures may be 'single-sited', 'virtual' or 'distributed'.

*(b) the beneficiary's methodology for declaring the costs for large research infrastructure has been positively assessed by the Commission ('**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 the annotations to the H2020 grant agreements.]

***[OPTION 2 for all topics within calls under Part 'Research Infrastructure' (except for e-Infrastructure topics):** Not applicable]*

***[OPTION 3 to be used if foreseen in the work plan:** Not applicable]*

D.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.

E. Indirect costs *[(not covered by Point F)]*

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 D above), from which are excluded:

(a) costs of subcontracting *[and][;]*

(b) costs of in-kind contributions provided by third parties which are not used on the beneficiary's premises *[and][;]*

(c) *[**OPTION 1 to be used if Article 15 applies:** costs of providing financial support to third parties [and][;]][**OPTION 2**: not applicable;]*

(d) *[**OPTION 1 if Article 6.2.F applies and the specific unit cost[/lump sum] cost covers indirect costs:** [unit costs under Articles 5.2(f) and 6.2.F.][lump sum costs under Articles 5.2(f) and 6.2.F.]] [**OPTION 2:** not applicable.]*

Beneficiaries receiving an operating grant[18] financed by the EU or Euratom 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.

F. *[OPTION 1: [Insert name of specific cost category(ies)[19]][OPTION 2 if no specific cost categories applicable to the grant: Specific cost category(ies)]*

[OPTION 1a for specific unit costs (if unit cost foreseen by Commission decision and applicable to the grant):** [**Insert name of specific cost category**] are eligible, if they correspond to the amount per unit set out in Annex 2a multiplied by the actual number of units [and if [insert eligibility conditions, if any]].]

[OPTION 1b for specific lump sum costs (if lump sum foreseen by Commission decision and applicable to the grant):** [**Insert name of specific cost category**] are eligible, if they correspond to the lump sum set out in Annex 2 and the corresponding tasks or parts of the action have been properly implemented in accordance with Annex 1.]

[same for each specific cost category]

[OPTION 2:** Not applicable]

6.3 Conditions for costs of linked third parties to be eligible

[OPTION 1 to be used if Article 14 applies: Costs incurred by linked third parties** are eligible if they fulfil — mutatis mutandis — the general and specific conditions for eligibility set out in this Article (Article 6.1 and 6.2) and Article 14.1.1.]

[OPTION 2:** Not applicable]

6.4 Conditions for in-kind contributions provided by third parties free of charge to be eligible

In-kind contributions provided free of charge are eligible direct costs (for the beneficiary *[or linked third party])*, if the costs incurred by the third party fulfil — *mutatis mutandis* —

[18] For the definition, see Article 121(1)(b) of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 ('**Financial Regulation No 966/2012**')(OJ L 218, 26.10.2012, p.1): '**operating grant**' means direct financial contribution, by way of donation, from the budget in order to finance the functioning of a body which pursues an aim of general EU interest or has an objective forming part of and supporting an EU policy.

[19] Insert precise name of the cost category (as in the Commission decision authorising the use of the unit cost/lump sum). For example: 'access costs for providing trans-national access to research infrastructure', 'costs for clinical studies', 'costs for energy efficiency measures in buildings'.

the general and specific conditions for eligibility set out in this Article (Article 6.1 and 6.2) and Article 12.1.

6.5 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:

(i) costs related to return on capital;

(ii) debt and debt service charges;

(iii) provisions for future losses or debts;

(iv) interest owed;

(v) doubtful debts;

(vi) currency exchange losses;

(vii) bank costs charged by the beneficiary's bank for transfers from the JU;

(viii) excessive or reckless expenditure;

(ix) deductible VAT;

(x) costs incurred during suspension of the implementation of the action (see Article 49);

(b) costs declared under another JU, EU or Euratom grant (including other grants awarded by the JU, grants awarded by a Member State and financed by the EU or Euratom budget and grants awarded by bodies other than the JU for the purpose of implementing the EU or Euratom budget); in particular, indirect costs if the beneficiary is already receiving an operating grant financed by the EU or Euratom budget in the same period, unless it can demonstrate that the operating grant does not cover any costs of the action *[;][.]*

*[(c) **OPTION for cost categories explicitly excluded in the work plan:** [insert name of excluded cost category]].*

6.6 Consequences of declaration of ineligible costs

Declared costs that are ineligible will be rejected (see Article 42).

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

CHAPTER 4 RIGHTS AND OBLIGATIONS OF THE PARTIES

SECTION 1 RIGHTS AND OBLIGATIONS RELATED TO IMPLEMENTING THE ACTION

ARTICLE 7 — GENERAL OBLIGATION TO PROPERLY IMPLEMENT THE ACTION

7.1 General obligation to properly implement the action

The beneficiaries 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.

7.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

ARTICLE 8 — RESOURCES TO IMPLEMENT THE ACTION — THIRD PARTIES INVOLVED IN THE ACTION

The beneficiaries 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 (see Article 10);
- use in-kind contributions provided by third parties against payment (see Article 11);
- use in-kind contributions provided by third parties free of charge (see Article 12);
- call upon subcontractors to implement action tasks described in Annex 1 (see Article 13);
- call upon linked third parties to implement action tasks described in Annex 1 (see Article 14);
- call upon international partners to implement action tasks described in Annex 1 (see Article 14a).

In these cases, the beneficiaries retain sole responsibility towards the JU and the other beneficiaries for implementing the action.

ARTICLE 9 — IMPLEMENTATION OF ACTION TASKS BY BENEFICIARIES NOT RECEIVING JU FUNDING

[OPTION 1 for beneficiaries not receiving JU funding: 9.1 Rules for the implementation of action tasks by beneficiaries not receiving JU funding

*Beneficiaries that [are not eligible for JU funding] [or] [request zero JU funding] ('**beneficiaries not receiving JU funding')** must implement the action tasks attributed to them in Annex 1 in accordance with Article 7.1.*

Their costs are estimated in Annex 2 but:

- *will not be reimbursed and*

- *will not be taken into account for the calculation of the grant (see Articles 5.2, 5.3 and 5.4, and 21).*

***[OPTION A, to be used if the beneficiary not receiving JU funding IS NOT the coordinator and does not have linked third parties receiving JU funding:** Chapter 3, Articles 10 to 15, 18.1.2, 20.3(b), 20.4(b), 20.6, 21, 23a, 26.4, 27.2, 28.1 [**OPTION:** (with the exception of additional exploitation obligations)], 28.2, 30.3, 31.5, 40, 42, 43, 44, 47 and 48 do not apply to[**OPTION 1 by default**: these beneficiaries][**OPTION 2 if more than one of the three options apply to the grant**: [insert short name of the beneficiary]].*

*[They][The beneficiary] will not be subject to financial checks, reviews and audits under Article 22.**]***

***[OPTION B, to be used if the beneficiary/coordinator not receiving JU funding has linked third parties receiving JU funding:** Chapter 3, Articles 10 to 15, 20.6, 23a and 40 do not apply to [**OPTION 1 by default**: these beneficiaries][**OPTION 2 if more than one of the three options apply to the grant**: [insert short name of the beneficiary]].*

*Articles 26.4, 27.2, 28.1 [**OPTION:** (with the exception of additional exploitation obligations)], 28.2, 30.3, 31.5 do not apply to results generated without JU funds.*

*[These beneficiaries][The beneficiary] will not be subject to financial checks, reviews and audits under Article 22 for [their][its] own costs.**]***

***[OPTION C, to be used if the beneficiary not receiving JU funding IS the coordinator and does not have linked third parties receiving JU funding:** Chapter 3, Articles 10 to 15, 18.1.2, 20.6, 23a, 26.4, 27.2, 28.1 [**OPTION:** (with the exception of additional exploitation obligations)], 28.2, 30.3, 31.5 and 40 do not apply to [**OPTION 1 by default**: these beneficiaries][**OPTION 2 if more than one of the three options apply to the grant**: [insert short name of the beneficiary]].*

*[They][The beneficiary] will not be subject to financial checks, reviews and audits under Article 22 for [their][its] own costs.**]***

Beneficiaries not receiving JU funding may provide in-kind contributions to another beneficiary. In this case, they will be considered as a third party for the purpose of Articles 11 and 12.

*[**additional OPTION for beneficiaries requesting zero JU funding:** If a beneficiary requesting zero JU funding receives funding later on (through an amendment; see Article 55), all obligations will apply retroactively.]*

9.2 Consequences of non-compliance

If a beneficiary not receiving JU funding breaches any of its obligations under this Article, its participation in the Agreement may be terminated (see Article 50).

*Such breaches may also lead to any of the other measures described in Chapter 6 that are applicable to it.**]***

[OPTION 2:** Not applicable**]

ARTICLE 10 — PURCHASE OF GOODS, WORKS OR SERVICES

10.1 Rules for purchasing goods, works or services

10.1.1 If necessary to implement the action, the beneficiaries may purchase goods, works or services.

The beneficiaries 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 (see Article 35).

[OPTION:** In addition, if the value of the purchase exceeds EUR [...], the beneficiaries must comply with the following rules: [...].[20]**]

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

10.1.2 Beneficiaries that are 'contracting authorities' within the meaning of Directive 2004/18/EC[21] (or 2014/24/EU[22]) or 'contracting entities' within the meaning of Directive

[20] If the authorising officer decides to set specific rules, they should have due regard for the principle of proportionality, taking into account the value of the contracts and the relative size of the JU contribution in relation to the total cost of the action and the risk. Specific rules must be based on the rules contained in the Financial Regulation. Simply citing the FR without specifying the applicable provisions should be avoided. Specific rules may only be set for the award of contracts of a value higher than EUR 60 000. The authorising officer may set a threshold higher than EUR 60 000 on the basis of a risk assessment.

[21] Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public work contracts, public supply contracts and public service contracts (OJ L 134, 30.04.2004, p. 114).

[22] 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, 28.03.2014, p. 65).

2004/17/EC[23] (or 2014/25/EU[24]) must comply with the applicable national law on public procurement.

10.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under Article 10.1.1, the costs related to the contract concerned will be ineligible (see Article 6) and will be rejected (see Article 42).

If a beneficiary breaches any of its obligations under Article 10.1.2, the grant may be reduced (see Article 43).

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

ARTICLE 11 — USE OF IN-KIND CONTRIBUTIONS PROVIDED BY THIRD PARTIES AGAINST PAYMENT

11.1 Rules for the use of in-kind contributions against payment

If necessary to implement the action, the beneficiaries may use in-kind contributions provided by third parties against payment.

The beneficiaries may declare costs related to the payment of in-kind contributions as eligible (see Article 6.1 and 6.2), up to the third parties' costs for the seconded persons, contributed equipment, infrastructure or other assets or other contributed goods and services.

The third parties and their contributions must be set out in Annex 1. The JU may however approve in-kind contributions not set out in Annex 1 without amendment (see Article 55), if:

- they are specifically justified in the periodic technical report and

- 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.

The beneficiaries must ensure that the JU, the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 22 and 23 also towards the third parties.

11.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the costs related to the payment of the in-kind contribution will be ineligible (see Article 6) and will be rejected (see Article 42).

---

[23] Directive 2004/17/EC of the European Parliament and of the Council of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors (OJ L 134, 30.04.2004, p. 1)

[24] 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, 28.03.2014, p. 243).

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

ARTICLE 12 — USE OF IN-KIND CONTRIBUTIONS PROVIDED BY THIRD PARTIES FREE OF CHARGE

12.1 Rules for the use of in-kind contributions free of charge

If necessary to implement the action, the beneficiaries may use in-kind contributions provided by third parties free of charge.

The beneficiaries may declare costs incurred by the third parties for the seconded persons, contributed equipment, infrastructure or other assets or other contributed goods and services as eligible in accordance with Article 6.4.

The third parties and their contributions must be set out in Annex 1. The JU may however approve in-kind contributions not set out in Annex 1 without amendment (see Article 55), if:

- they are specifically justified in the periodic technical report and

- 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.

The beneficiaries must ensure that the JU, the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 22 and 23 also towards the third parties.

12.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the costs incurred by the third parties related to the in-kind contribution will be ineligible (see Article 6) and will be rejected (see Article 42).

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

ARTICLE 13 — IMPLEMENTATION OF ACTION TASKS BY SUBCONTRACTORS

13.1 Rules for subcontracting action tasks

13.1.1 If necessary to implement the action, the beneficiaries may award subcontracts covering the implementation of certain action tasks described in Annex 1.

Subcontracting may cover only a limited part of the action.

The beneficiaries must award the subcontracts ensuring the best value for money or, if appropriate, the lowest price. In doing so, they must avoid any conflict of interests (see Article 35).

[OPTION:** In addition, if the value of the subcontract to be awarded exceeds EUR [...], the beneficiaries must comply with the following rules: [...].*[25]]***

***[OPTION for actions involving PCP or PPI:** In addition, for the pre-commercial procurement (PCP) or procurement of innovative solutions (PPI), the beneficiaries must follow a transparent and non-discriminatory procedure, including at least the following:*

*(a) an '**open market consultation**' published in the Official Journal of the European Union via a '**prior information notice (PIN)**' and promoted and advertised widely;*

*(b) a '**contract notice**' allowing for a time-limit for receipt of tenders of at least 2 months, published in the Official Journal of the European Union and promoted and advertised widely;*

*(c) a '**request for tenders**' based on functional or performance-based specifications (that take into account the outcome of the open market consultation) and describing the practical set-up for the implementation of the subcontract(s);*

*(d) an objective and non-discriminatory **evaluation** of the tenders and **award** of subcontract(s) to the tender(s) offering **best value for money**;*

*(e) a '**contract award notice**' published in the Official Journal of the European Union.*

The beneficiaries must also ensure that every prior information notice, contract notice or contract award notice published in relation to the subcontracting includes the following disclaimer:

> *"This procurement receives funding from Innovative Medicines Initiative 2 Joint Undertaking (JU) under the European Union's Horizon 2020 research and innovation programme under the grant agreement No [number]). Neither the JU nor the EU is however participating as a contracting authority in this procurement."**]***

***[OPTION 1 only for actions involving PPI:** Participation in PPI tendering procedures must be open on equal terms to tenderers from EU Member States, associated countries and other countries with which the EU has an agreement in the field of public procurement. If the WTO Government Procurement Agreement applies, PPI subcontracts must also be open to tenderers from States that have ratified this agreement.*

*If the procurement of the innovative solution (PPI) consists (and is limited to) buying a set of prototypes and/or test products that were developed during a preceding PCP action, the beneficiaries do not need to make an open market consultation, contract notice and contract award notice under Points (a), (b) and (e) above. In this case, they must make a **request for***

[25] If the authorising officer decides to set specific rules, they should have due regard for the principle of proportionality, taking into account the value of the contracts and the relative size of the JU contributions in relation to the total cost of the action and the risk. Specific rules must be based on the rules contained in the Financial Regulation. Simply citing the FR without specifying the applicable provisions should be avoided. Specific rules may only be set for the award of contracts of a value higher than EUR 60 000. The authorising officer may set a threshold higher than EUR 60 000 on the basis of a risk assessment.

***tenders** from at least **three providers** (including the providers that participated in the preceding PCP), in accordance with the negotiated procedure without publication under Directives 2004/18/EC (or 2014/24/EU) and 2004/17/EC (or 2014/25/EU)[26].]*

***[OPTION 2 only for actions involving PCP:** The subcontracts for pre-commercial procurement must provide for the following:*

- *the ownership, by the subcontractors, of the intellectual property rights on the results that they generate;*

- *the right of the buyers to access results — on a royalty-free basis — for their own use;*

- *the right of the buyers to grant (or to require the subcontractors to grant) non-exclusive licences to third parties to exploit the results — under fair and reasonable conditions — (without the right to sub-licence);*

- *the obligation of the subcontractors to transfer to the buyers the ownership of intellectual property generated by subcontractors during the PCP, if subcontractors fail to commercially exploit the results within the period set out in the subcontract;*

- *the right of the buyers to publish — at the time of the contract award notice — the identity of the winning tenderers and a project summary provided by the winning tenderers, and to publish — after R&D has finished and after consulting the subcontractors — summaries of the results as well as the identities of the subcontractors that successfully completed the last phase of the PCP.*

The beneficiaries must ensure that the majority of the research and development work done by the subcontractor(s) (including the work of the main researchers) is located in the EU Member States or associated countries ('place of performance obligation').]

The tasks to be implemented 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 Annex 2. The JU may however approve subcontracts not set out in Annex 1 and 2 without amendment (see Article 55), if:

- they are specifically justified in the periodic technical report and

- they do 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.

***[OPTION for classified information:** Action tasks involving classified information may be subcontracted only after explicit approval (in writing) from the JU (see Article 37).]*

[26] See Articles 28 and 31(2)(a) of Directive 2004/18/EC replaced by Articles 26 and 32(3)(a) of Directive 2014/24/EU and Article 40(3)(b) of Directive 2004/17/EC replaced by Article 50(b) of Directive 2014/25/EU.

The beneficiaries must ensure that the JU, the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 22 and 23 also towards their subcontractors.

13.1.2 The beneficiaries must ensure that their obligations under Articles 35, 36, 38 and 46 also apply to the subcontractors.

Beneficiaries that are 'contracting authorities' within the meaning of Directive 2004/18/EC (or 2014/24/EU) or 'contracting entities' within the meaning of Directive 2004/17/EC (or 2014/25/EU) must comply with the applicable national law on public procurement.

13.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under Article 13.1.1, the costs related to the subcontract concerned will be ineligible (see Article 6) and will be rejected (see Article 42).

If a beneficiary breaches any of its obligations under Article 13.1.2, the grant may be reduced (see Article 43).

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

ARTICLE 14 — IMPLEMENTATION OF ACTION TASKS BY LINKED THIRD PARTIES

[OPTION 1: 14.1 Rules for calling upon linked third parties to implement part of the action

*14.1.1 The following **affiliated entities**[27] and **third parties with a legal link to a beneficiary**[28] ('**linked third parties**') may implement the action tasks attributed to them in Annex 1:*

---

[27] For the definition see Article 2.1(2) Rules for Participation Regulation No 1290/2013: '**affiliated entity**' means any legal entity that is:
- under the direct or indirect control of a participant, or
- under the same direct or indirect control as the participant, or
- directly or indirectly controlling a participant.

'Control' may take any of the following forms:
(a) the direct or indirect holding of more than 50% of the nominal value of the issued share capital in the legal entity concerned, or of a majority of the voting rights of the shareholders or associates of that entity;
(b) the direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned.

However, the following relationships between legal entities shall not in themselves constitute controlling relationships:
(a) the same public investment corporation, institutional investor or venture-capital company has a direct or indirect holding of more than 50% of the nominal value of the issued share capital or a majority of voting rights of the shareholders or associates;
(b) the legal entities concerned are owned or supervised by the same public body.

[28] '**Third party with a legal link to a beneficiary**' is any legal entity which has a legal link to the beneficiary implying collaboration that is not limited to the action.

- *[name of the entity (short name)], affiliated or linked to [short name of the beneficiary] [**OPTION if joint and several liability has been requested:**, if it has accepted joint and several liability with the beneficiary (see Annex 3a)]*
- *[name of the entity (short name)], affiliated or linked to [short name of the beneficiary] [**OPTION if joint and several liability has been requested:**, if it has accepted joint and several liability with the beneficiary (see Annex 3a)]*

[same for more linked third parties]

The linked third parties may declare as eligible the costs they incur for implementing the action tasks in accordance with Article 6.3.

The beneficiaries must ensure that the JU, the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 22 and 23 also towards their linked third parties.

14.1.2 The beneficiaries must ensure that their obligations under Articles 18, 20, 35, 36 and 38 also apply to their linked third parties.

14.2 Consequences of non-compliance

If any obligation under Article 14.1.1 is breached, the costs of the linked third party will be ineligible (see Article 6) and will be rejected (see Article 42).

If any obligation under Article 14.1.2 is breached, the grant may be reduced (see Article 43).

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

[OPTION 2:** Not applicable**]

ARTICLE 14a — IMPLEMENTATION OF ACTION TASKS BY INTERNATIONAL PARTNERS

[OPTION 1: 14a.1 Rules for calling upon international partners to implement part of the action

*The following international **partners**[29] may implement the action tasks attributed to them in Annex 1:*

- *[name of the entity (short name)], international partner of [short name of the beneficiary]*
- *[name of the entity (short name)], international partner of [short name of the beneficiary]*

[same for more international partners]

The costs of the international partners are estimated in Annex 2 but:

[29] 'International partner' is any legal entity established in a non-associated third country which is not eligible for funding under Article 10 of the Rules for Participation Regulation No 1290/2013.

– *will not be reimbursed and*

– *will not be taken into account for the calculation of the grant.*

The beneficiaries must ensure that the JU, the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 22 and 23 also towards their international partners.

The beneficiaries must ensure that their obligations under Articles 18.1.1, 20.3(a), 20.4(a), 35, 36, 38 also apply to their international partners.

14a.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

[OPTION 2:** Not applicable**]

ARTICLE 15 — FINANCIAL SUPPORT TO THIRD PARTIES

15.1 Rules for providing financial support to third parties

***[OPTION 1 to be used if foreseen in the work plan:** 15.1.1 The beneficiaries must provide financial support in accordance with the conditions set out in Annex 1.*

At a minimum, these conditions must include:

(a) the maximum amount of financial support for each third party.

The maximum amount may not exceed EUR 60 000 for each third party, unless it is necessary to achieve the objectives of the action as described in Annex 1;

(b) the criteria for calculating the exact amount of the financial support;

(c) the different types of activity that qualify for financial support, on the basis of a closed list;

(d) the persons or categories of persons that may receive financial support, and

(e) the criteria for giving financial support.

The beneficiaries must ensure that the JU, the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 22 and 23 also towards the third parties receiving financial support.

*15.1.2 The beneficiaries must ensure that their obligations under Articles 35, 36, 38 and 46 also apply to the third parties receiving financial support.**]***

[OPTION 2:** Not applicable**]

15.2 Financial support in the form of prizes

***[OPTION 1 to be used if foreseen in the work plan:** 15.2.1 The beneficiaries must provide prizes in accordance with the conditions described in Annex 1.*

At a minimum, these conditions must include:

(a) the conditions for participation;

(b) the award criteria;

(c) the amount of the prize, and

(d) the payment arrangements.

The beneficiaries must ensure that the JU, the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 22 and 23 also towards the third parties receiving a prize.

*15.2.2 The beneficiaries must ensure that their obligations under Articles 35, 36, 38 and 46 also apply to the third parties receiving a prize.**]***

[OPTION 2:** Not applicable**]

15.3 Consequences of non-compliance

***[OPTION 1 to be used if 15.1 and/or 15.2 are applicable:** If a beneficiary breaches any of its obligations under Articles 15.1.1 or 15.2.1, the costs related to the financial support or prize will be ineligible (see Article 6) and will be rejected (see Article 42).*

If a beneficiary breaches any of its obligations under Articles 15.1.2 or 15.2.2, the grant may be reduced (see Article 43).

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

[OPTION 2:** Not applicable**]

ARTICLE 16 — PROVISION OF TRANS-NATIONAL OR VIRTUAL ACCESS TO RESEARCH INFRASTRUCTURE

16.1 Rules for providing trans-national access to research infrastructure

[OPTION 1 for trans-national access to research infrastructure: *16.1.1 '**Access providers**'[30] must provide access to research infrastructure or installations[31] in accordance with the following conditions:*

(a) access which must be provided:

The access must be free of charge, trans-national access to research infrastructure or installations for selected user-groups.

This access must include the logistical, technological and scientific support and the specific training that is usually provided to external researchers using the infrastructure.

(b) categories of users that may have access:

*Trans-national access must be provided to selected '**user-groups**', i.e. teams of one or more researchers (users) led by a '**user group leader**'.*

The user group leader and the majority of the users must work in a country other than the country(ies) where the installation is located.

This rule does not apply:

- *if access is provided by an International organisation, the Joint Research Centre (JRC), an ERIC or similar legal entities;*

- *in case of remote access to a set of installations located in different countries offering the same type of service.*

Only user groups that are allowed to disseminate the results they have generated under the action may benefit from the access, unless the users are working for SMEs.

Access for user groups with a majority of users not working in a EU or associated country[32] is limited to 20% of the total amount of units of access provided under the grant, unless a higher percentage is foreseen in Annex 1;

(c) procedure and criteria for selecting user groups:

---

30 '**Access provider**' means a beneficiary or linked third party that is in charge of providing access to one or more research infrastructure or installations, or part of them, as described in Annex 1.

31 '**Installation'** means a part or a service of a research infrastructure that could be used independently from the rest. A research infrastructure consists of one or more installations.

32 For the definition, see 2.1(3) Rules for Participation Regulation No 1290/2013: '**associated country**' means a third country which is party to an international agreement with the Union, as identified in Article 7 of the H2020 Framework Programme Regulation No 1291/2013. Article 7 sets out the conditions for association of non-EU countries to Horizon 2020.

The user groups must request access by submitting (in writing) a description of the work that they wish to carry out and the names, nationalities and home institutions of the users.

*The user groups must be selected by a **selection panel** set up by the access providers.*

The selection panel must be composed of international experts in the field, at least half of them independent from the beneficiaries, unless otherwise specified in Annex 1.

The selection panel must assess all proposals received and recommend a short-list of the user groups that should benefit from access.

The selection panel must base its selection on scientific merit, taking into account that priority should be given to user groups composed of users who:

- *have not previously used the installation and*
- *are working in countries where no equivalent research infrastructure exist.*

It will apply the principles of transparency, fairness and impartiality.

[OPTION:** In addition, the beneficiaries must comply with the following additional rules for the selection of user groups: […][33]**].

(d) other conditions:

The access provider must request written approval from the JU (see Article 52) for the selection of user groups requiring visits to the installation(s) exceeding 3 months, unless such visits are foreseen in Annex 1.

16.1.2 In addition, the access provider must:

- *advertise widely, including on a dedicated website, the access offered under the Agreement;*
- *promote equal opportunities in advertising the access and take into account the gender dimension when defining the support provided to users;*
- *ensure that users comply with the terms and conditions of the Agreement;*
- *ensure that its obligations under Articles 35, 36, 38 and 46 also apply to the users.**]***

[OPTION 2:** Not applicable**]

16.2 Rules for providing virtual access to research infrastructure

[33] If the authorising officer considers necessary to give priority to certain categories of users.

[OPTION 1 for virtual access to research infrastructure: *'**Access providers**'[34] must provide access to research infrastructure or installations[35] in accordance with the following conditions:*

(a) access which must be provided:

The access must be free of charge, virtual access to research infrastructure or installations.

'Virtual access' means open and free access through communication networks to resources needed for research, without selecting the researchers to whom access is provided;

(b) other conditions:

*The access provider must have the virtual access services assessed periodically by a board composed of international experts in the field, at least half of whom must be independent from the beneficiaries, unless otherwise specified in Annex 1.**]***

[OPTION 2: *Not applicable**]***

16.3 Consequences of non-compliance

[OPTION 1 to be used if 16.1 and/or 16.2 are applicable: *If a beneficiary breaches any of its obligations under Articles 16.1.1 and 16.2, the costs of access will be ineligible (see Article 6) and will be rejected (see Article 42).*

If a beneficiary breaches any of its obligations under Articles 16.1.2, the grant may be reduced (see Article 43).

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

[OPTION 2: *Not applicable**]***

SECTION 2 RIGHTS AND OBLIGATIONS RELATED TO THE GRANT ADMINISTRATION

ARTICLE 17 — GENERAL OBLIGATION TO INFORM

17.1 General obligation to provide information upon request

[34] '**Access provider**' means a beneficiary or linked third party that is in charge of providing access to one or more research infrastructures or installations, or part of them, as described in Annex 1.

[35] '**Installation**' means a part or a service of a research infrastructure that could be used independently from the rest. A research infrastructure consists of one or more installations.

The beneficiaries must provide — during implementation of the action or afterwards and in accordance with Article 41.2 — 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.

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

Each beneficiary must keep information stored in the Participant Portal Beneficiary Register (via the electronic exchange system; see Article 52) up to date, in particular, its name, address, legal representatives, legal form and organisation type.

Each beneficiary must immediately inform the coordinator — which must immediately inform the JU and the other beneficiaries — of any of the following:

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

(i) changes in its legal, financial, technical, organisational or ownership situation *[or those of its linked third parties and*

(ii) changes in the name, address, legal form, organisation type of its linked third parties;]

(b) **circumstances** affecting:

(i) the decision to award the grant or

(ii) compliance with requirements under the Agreement.

17.3 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

ARTICLE 18 — KEEPING RECORDS — SUPPORTING DOCUMENTATION

18.1 Obligation to keep records and other supporting documentation

The beneficiaries must — for a period of *[**OPTION 1 by default:** five]**[OPTION 2 for low value grants**[36]**:** three]* years after the payment of the balance — keep records and other

[36] For the definition, see Article 185 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1) ('**Rules of Application Regulation No 1268/2012**'): '**low value grants**' are lower or equal to EUR 60 000.

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 (see Article 17) or in the context of checks, reviews, audits or investigations (see Article 22).

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 22), the beneficiaries must keep the 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 JU or the Commission may accept non-original documents if it considers that they offer a comparable level of assurance.

18.1.1 Records and other supporting documentation on the scientific and technical implementation

The beneficiaries 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.

18.1.2 Records and other documentation to support the costs declared

The beneficiaries 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. ***[OPTION for trans-national access to research infrastructure:*** *This documentation must include records of the names, nationalities, and home institutions of users, as well as the nature and quantity of access provided to them.]* Beneficiaries do 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 6.2.

The beneficiaries *[and linked third parties]* may submit to the JU, for approval by the Commission, a certificate (drawn up in accordance with Annex 6) 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 beneficiaries have 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 beneficiaries do not need to identify the costs covered or provide supporting documentation (such as accounting statements) to prove the amount declared at a flat-rate*[;][.]*

(d) ***[OPTION if lump sum foreseen in Article 5.2**: for **lump sum costs**: adequate records and other supporting documentation to prove that the corresponding tasks or part of the action as described in Annex 1 were implemented properly. The beneficiaries do not need to identify the actual eligible costs covered or provide supporting documentation (such as accounting statements) to prove the amount declared as a lump sum.**]***

In addition, for **personnel costs** (declared as actual costs or on the basis of unit costs), the beneficiaries 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 JU 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.

[OPTION to be added if Article 14 applies**: For costs declared by linked third parties (see Article 14), it is the beneficiary that must keep the originals of the financial statements and the certificates on the financial statements of the linked third parties.**]

18.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, costs insufficiently substantiated will be ineligible (see Article 6) and will be rejected (see Article 42), and the grant may be reduced (see Article 43).

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

ARTICLE 19 — SUBMISSION OF DELIVERABLES

19.1 Obligation to submit deliverables

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

19.2 Consequences of non-compliance

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

ARTICLE 20 — REPORTING — PAYMENT REQUESTS

20.1 Obligation to submit reports

The coordinator must submit to the JU (see Article 52) the technical and financial reports set out in this Article. These reports include the requests for payment and must be drawn up using the forms and templates provided in the electronic exchange system (see Article 52).

20.2 Reporting periods

The action is divided into the following '**reporting periods**':

- RP1: from month 1 to month [X]
[*- RP2: from month [X+1] to month [Y]*
- RP3: from month [Y+1] to month [Z]
[same for other RPs]
- RPN: from month [N+1]to [the last month of the project].]

20.3 Periodic reports — Requests for interim payments

The coordinator must submit a periodic report within 60 days following the end of each reporting period.

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

(a) a '**periodic technical report**' containing:

(i) an **explanation of the work carried out** by the beneficiaries;

(ii) an **overview of the progress** towards the objectives of the action, including milestones and deliverables identified in Annex 1.

This report must include explanations justifying the differences between work expected to be carried out in accordance with Annex 1 and that actually carried out.

The report must detail the exploitation and dissemination of the results and — if required in Annex 1 — an updated '**plan for the exploitation and dissemination of the results**'.

The report must indicate the communication activities*[.][;]*

[OPTION for trans-national access to research infrastructure: *The report must detail the access activity, indicating the members of the selection panel,*

the selection procedure, the exact amount of access provided to the user groups, the description of their work, and information on the users (including names, nationality and home institutions);] ***[OPTION for virtual access to research infrastructure:*** *The reports must detail the access activity, with statistics on the virtual access provided in the period, including quantity, geographical distribution of users and, whenever possible, information/statistics on scientific outcomes (publications, patents, etc.) acknowledging the use of the infrastructure;****]***

(iii) a **summary** for publication by the JU;

(iv) the answers to the '**questionnaire**', covering issues related to the action implementation and the economic and societal impact, notably in the context of the JU and the Horizon 2020 key performance indicators and JU and the Horizon 2020 monitoring requirements;

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

(i) an '**individual financial statement**' (see Annex 4) from each beneficiary *[and from each linked third party]*, for the reporting period concerned.

The individual financial statement must detail the eligible costs (actual costs, unit costs and flat-rate costs *[and lump sum costs]*; see Article 6) for each budget category (see Annex 2).

The beneficiaries *[and linked third parties]* must declare all eligible costs, even if — for actual costs, unit costs and flat-rate costs — they exceed the amounts indicated in the estimated budget (see Annex 2). Amounts which are not declared in the individual financial statement will not be taken into account by the JU.

If an individual financial statement is not submitted for a reporting period, it may be included in the periodic financial report for the next reporting period.

The individual financial statements of the last reporting period must also detail the **receipts of the action** (see Article 5.3.3).

Each beneficiary *[and each linked third party]* must **certify** that:

- the information provided is full, reliable and true;
- the costs declared are eligible (see Article 6);
- the costs can be substantiated by adequate records and supporting documentation (see Article 18) that will be produced upon request (see Article 17) or in the context of checks, reviews, audits and investigations (see Article 22), and

- for the last reporting period: that all the receipts have been declared (see Article 5.3.3);

(ii) an **explanation of the use of resources** and the information on subcontracting (see Article 13) and in-kind contributions provided by third parties (see Articles 11 and 12) from each beneficiary *[and from each linked third party]*, for the reporting period concerned;

(iii) not applicable;

(iv) a '**periodic summary financial statement**', created automatically by the electronic exchange system, consolidating the individual financial statements for the reporting period concerned and including — except for the last reporting period — the **request for interim payment**.

20.4 Final report — Request for payment of the balance

In addition to the periodic report for the last reporting period, the coordinator must submit the final report within 60 days following the end of the last reporting period.

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

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

(i) an overview of the results and their exploitation and dissemination;

(ii) the conclusions on the action, and

(iii) the socio-economic impact of the action;

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

(i) a '**final summary financial statement**' created automatically by the electronic exchange system, consolidating the individual financial statements for all reporting periods and including the **request for payment of the balance** and

(ii) a '**certificate on the financial statements**' (drawn up in accordance with Annex 5) for each beneficiary *[and for each linked third party]*, if it requests a total contribution of EUR 325 000 or more, as reimbursement of actual costs and unit costs calculated on the basis of its usual cost accounting practices (see Article 5.2 and Article 6.2).

20.5 Information on cumulative expenditure incurred

[OPTION 1 for grants above EUR 5 million with reporting periods beyond 18 months[37]: *In addition to the reporting requirements set out above (Article 20.1 to 20.3), the coordinator must inform the JU by [31 December][30 November] each year of the cumulative expenditure incurred by the beneficiaries from the starting date of the action.*

*This information is required for the JU's accounting purposes and will not be used to calculate the final grant amount.**]***

[OPTION 2: *Not applicable**]***

20.6 Currency for financial statements and conversion into euro

Financial statements must be drafted in euro.

Beneficiaries *[and linked third parties]* with accounting established in a currency other than the euro must convert the costs recorded in their accounts 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.

Beneficiaries *[and linked third parties]* with accounting established in euro must convert costs incurred in another currency into euro according to their usual accounting practices.

20.7 Language of reports

All reports (technical and financial reports, including financial statements) must be submitted in the language of the Agreement.

20.8 Consequences of non-compliance

If the reports submitted do not comply with this Article, the JU may suspend the payment deadline (see Article 47) and apply any of the other measures described in Chapter 6.

If the coordinator breaches its obligation to submit the reports and if it fails to comply with this obligation within 30 days following a written reminder, the JU may terminate the Agreement (see Article 50) or apply any of the other measures described in Chapter 6.

ARTICLE 21 — PAYMENTS AND PAYMENT ARRANGEMENTS

21.1 Payments to be made

[37] To be added in the case of grants of more than EUR 5 million for which a pre-financing is paid and the reporting periods for interim payments or payments of the balance exceed eighteen months.

The following payments will be made to the coordinator:

- one **pre-financing payment;**

- one or more **interim payments**, on the basis of the request(s) for interim payment (see Article 20), and

- one **payment of the balance**, on the basis of the request for payment of the balance (see Article 20).

21.2 Pre-financing payment — Amount — Amount retained for the Guarantee Fund

The aim of the pre-financing is to provide the beneficiaries with a float.

It remains the property of the JU until the payment of the balance.

The amount of the pre-financing payment will be EUR [**insert amount** (insert amount in words)].

The JU will — except if Article 48 applies — make the pre-financing payment to the coordinator within 30 days, either from the entry into force of the Agreement (see Article 58) or from 10 days before the starting date of the action (see Article 3), whichever is the latest.

An amount of EUR [**insert amount** (insert amount in words)], corresponding to 5% of the maximum grant amount (see Article 5.1), is retained by the JU from the pre-financing payment and transferred into the '**Guarantee Fund**'

21.3 Interim payments — Amount — Calculation

Interim payments reimburse the eligible costs incurred for the implementation of the action during the corresponding reporting periods.

The JU will pay to the coordinator the amount due as interim payment within 90 days from receiving the periodic report (see Article 20.3), except if Articles 47 or 48 apply.

Payment is subject to the approval of the periodic report. Its approval does not imply recognition of the compliance, authenticity, completeness or correctness of its content.

The **amount due as interim payment** is calculated by the JU in the following steps:

Step 1 — Application of the reimbursement rates

Step 2 — Limit to 90% of the maximum grant amount

21.3.1 Step 1 — Application of the reimbursement rates

The reimbursement rate(s) (see Article 5.2) are applied to the eligible costs (actual costs, unit costs and flat-rate costs *[and lump sum costs]*; see Article 6) declared by the beneficiaries

[and the linked third parties] (see Article 20) and approved by the *JU* (see above) for the concerned reporting period.

21.3.2 Step 2 — Limit to 90% of the maximum grant amount

The total amount of pre-financing and interim payments must not exceed 90% of the maximum grant amount set out in Article 5.1. The maximum amount for the interim payment will be calculated as follows:

{90% of the maximum grant amount (see Article 5.1)

minus

{pre-financing and previous interim payments}}.

21.4 Payment of the balance — Amount — Calculation — Release of the amount retained for the Guarantee Fund

The payment of the balance reimburses the remaining part of the eligible costs incurred by the beneficiaries for the implementation of the action.

If the total amount of earlier payments is greater than the final grant amount (see Article 5.3), the payment of the balance takes the form of a recovery (see Article 44).

If the total amount of earlier payments is lower than the final grant amount, the JU will pay the balance within 90 days from receiving the final report (see Article 20.4), except if Articles 47 or 48 apply.

Payment is subject to the approval of the final report. Its approval does not imply recognition of the compliance, authenticity, completeness or correctness of its content.

The **amount due as the balance** is calculated by the JU by deducting the total amount of pre-financing and interim payments (if any) already made, from the final grant amount determined in accordance with Article 5.3:

{final grant amount (see Article 5.3)

minus

{pre-financing and interim payments (if any) made}}.

At the payment of the balance, the amount retained for the Guarantee Fund (see above) will be released and:

- if the balance is positive: the amount released will be paid in full to the coordinator together with the amount due as the balance;

- if the balance is negative (payment of the balance taking the form of recovery): it will be deducted from the amount released (see Article 44.1.2). If the resulting amount:

    - is positive, it will be paid to the coordinator

    - is negative, it will be recovered.

The amount to be paid may however be offset — without the beneficiaries' consent — against any other amount owed by a beneficiary to the JU up to the maximum JU contribution indicated, for that beneficiary, in the estimated budget (see Annex 2).

21.5 Notification of amounts due

When making payments, the JU will formally notify to the coordinator the amount due, specifying whether it concerns an interim payment or the payment of the balance.

For the payment of the balance, the notification will also specify the final grant amount.

In the case of reduction of the grant or recovery of undue amounts, the notification will be preceded by the contradictory procedure set out in Articles 43 and 44.

21.6 Currency for payments

The JU will make all payments in euro.

21.7 Payments to the coordinator — Distribution to the beneficiaries

Payments will be made to the coordinator.

Payments to the coordinator will discharge the JU from its payment obligation.

The coordinator must distribute the payments between the beneficiaries without unjustified delay.

Pre-financing may however be distributed only:

(a) if the minimum number of beneficiaries set out in the call for proposals has acceded to the Agreement (see Article 56) and

(b) to beneficiaries that have acceded to the Agreement (see Article 56).

21.8 Bank account for payments

All payments will be made to the following bank account:

Name of bank: […]
Full name of the account holder: […]

Full account number (including bank codes): […]
[IBAN code: […]][38]

21.9 Costs of payment transfers

The cost of the payment transfers is borne as follows:

- the JU bears the cost of transfers charged by its bank;
- the beneficiary bears the cost of transfers charged by its bank;
- the party causing a repetition of a transfer bears all costs of the repeated transfer.

21.10 Date of payment

Payments by the JU are considered to have been carried out on the date when they are debited to its account.

21.11 Consequences of non-compliance

21.11.1 If the JU does not pay within the payment deadlines (see above), the beneficiaries are entitled to **late-payment interest** at the rate applied by the European Central Bank (ECB) for its main refinancing operations in euros ('reference rate'), plus three and a half points. The reference rate is the rate in force on the first day of the month in which the payment deadline expires, as published in the C series of the *Official Journal of the European Union*.

If the late-payment interest is lower than or equal to EUR 200, it will be paid to the coordinator only upon request submitted within two months of receiving the late payment.

Late-payment interest is not due if all beneficiaries are EU Member States (including regional and local government authorities or other public bodies acting on behalf of a Member State for the purpose of this Agreement).

Suspension of the payment deadline or payments (see Articles 47 and 48) will not be considered as late payment.

Late-payment interest covers the period running from the day following the due date for payment (see above), up to and including the date of payment.

Late-payment interest is not considered for the purposes of calculating the final grant amount.

21.11.2 If the coordinator breaches any of its obligations under this Article, the grant may be reduced (see Article 43) and the Agreement or the participation of the coordinator may be terminated (see Article 50).

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

[38] BIC or SWIFT code applies to for countries if the IBAN code does not apply.

ARTICLE 22 — CHECKS, REVIEWS, AUDITS AND INVESTIGATIONS — EXTENSION OF FINDINGS

22.1 Checks, reviews and audits by the JU and the Commission

22.1.1 Right to carry out checks

The JU will — during the implementation of the action or afterwards — check the proper implementation of the action and compliance with the obligations under the Agreement, including assessing deliverables and reports.

For this purpose the JU may be assisted by external persons or bodies.

The JU may also request additional information in accordance with Article 17. The JU may request beneficiaries to provide such information to it directly.

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

22.1.2 Right to carry out reviews

The JU 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 coordinator or beneficiary concerned and will be considered to have started on the date of the formal notification.

If the review is carried out on a third party (see Articles 10 to 16), the beneficiary concerned must inform the third party.

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

The coordinator or beneficiary concerned 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 JU may request beneficiaries to provide such information to it directly.

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

For **on-the-spot** reviews, the beneficiaries 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 review findings, a '**review report**' will be drawn up.

The JU will formally notify the review report to the coordinator or beneficiary concerned, which has 30 days to formally notify observations ('**contradictory review procedure**').

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

22.1.3 Right to carry out audits

The JU or the Commission 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 coordinator or beneficiary concerned and will be considered to have started on the date of the formal notification.

If the audit is carried out on a third party (see Articles 10 to 16), the beneficiary concerned must inform the third party.

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

The coordinator or beneficiary concerned 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 JU or the Commission may request beneficiaries to provide such information to it directly

For **on-the-spot** audits, the beneficiaries 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 JU or the Commission will formally notify the draft audit report to the coordinator or beneficiary concerned, which has 30 days to formally notify observations ('**contradictory audit procedure**'). This period may be extended by the JU or the Commission in justified cases.

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

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

The JU or the Commission may also access the beneficiaries' statutory records for the periodical assessment of unit costs or flat-rate amounts *[or lump sums]*.

22.2 Investigations by the European Anti-Fraud Office (OLAF)

Under Regulations No 883/2013 [39]and No 2185/96[40] (and in accordance with their provisions and procedures), and Article 50 of the JU Financial Rules[41], 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.

22.3 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 50 of the JU Financial Rules, 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.

22.4 Checks, reviews, audits and investigations for international organisations

[OPTION 1 for international organisations*: In conformity with its financial regulations, the European Union, including the European Anti-Fraud Office (OLAF) and the European Court of Auditors (ECA), may undertake, including on the spot, checks, reviews, audits and investigations.*

*This Article will be applied in accordance with any specific agreement concluded in this respect by the international organisation and the European Union.**]***

[OPTION 2: *Not applicable;**]***

22.5 Consequences of findings in checks, reviews, audits and investigations — Extension of findings

22.5.1 Findings in this grant

[39] 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).

[40] 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).

[41] The JU Financial Rules are available on the JU's website.

Findings in checks, reviews, audits or investigations carried out in the context of this grant may lead to the rejection of ineligible costs (see Article 42), reduction of the grant (see Article 43), recovery of undue amounts (see Article 44) 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 grant amount (see Article 5.4).

Findings in checks, reviews, audits or investigations may lead to a request for amendment for the modification of Annex 1 (see Article 55).

Checks, reviews, audits or investigations that find systemic or recurrent errors, irregularities, fraud or breach of obligations may also lead to consequences in other JU, EU or Euratom 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.

22.5.2 Findings in other grants

The JU or 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 JU, EU or Euratom 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 — 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 (see Article 42), reduction of the grant (see Article 43), recovery of undue amounts (see Article 44), suspension of payments (see Article 48), suspension of the action implementation (see Article 49) or termination (see Article 50).

22.5.3 Procedure

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

22.5.3.1 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 JU or the Commission 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.

The beneficiary concerned 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 JU or the Commission in justified cases.

The JU or the Commission may then start a rejection procedure in accordance with Article 42, 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.

22.5.3.2 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 JU or the Commission intends to apply according to the principle of proportionality.

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

The JU or the Commission may then start a reduction procedure in accordance with Article 43, 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.

22.6 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, any insufficiently substantiated costs will be ineligible (see Article 6) and will be rejected (see Article 42).

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

ARTICLE 23 — EVALUATION OF THE IMPACT OF THE ACTION

23.1 Right to evaluate the impact of the action

The JU or the Commission 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 ***[OPTION 1 by default:*** *five]**[OPTION 2 for low value grants:*** *three]* years after the payment of the balance. The evaluation is considered to start on the date of the formal notification to the coordinator or beneficiaries.

The JU or the Commission may make these evaluations directly (using its own staff) or indirectly (using external bodies or persons it has authorised to do so).

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

23.2 Consequences of non-compliance

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

SECTION 3 RIGHTS AND OBLIGATIONS RELATED TO BACKGROUND AND RESULTS

SUBSECTION 1 GENERAL

ARTICLE 23a — MANAGEMENT OF INTELLECTUAL PROPERTY

23a.1 Obligation to take measures to implement the Commission Recommendation on the management of intellectual property in knowledge transfer activities

Beneficiaries that are universities or other public research organisations must take measures to implement the principles set out in Points 1 and 2 of the Code of Practice annexed to the Commission Recommendation on the management of intellectual property in knowledge transfer activities[42].

This does not change the obligations set out in Subsections 2 and 3 of this Section.

The beneficiaries must ensure that researchers and third parties involved in the action are aware of them.

23a.2 Consequences of non-compliance

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

SUBSECTION 2 RIGHTS AND OBLIGATIONS RELATED TO BACKGROUND

ARTICLE 24 — AGREEMENT ON BACKGROUND

24.1 Agreement on background

The beneficiaries 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:

(a) is held by the beneficiaries before they acceded to the Agreement, and

(b) is needed to implement the action or exploit the results (See Article 25.3 and Article 25.4).

[42] Commission Recommendation C(2008) 1329 of 10.4.2008 on the management of intellectual property in knowledge transfer activities and the Code of Practice for universities and other public research institutions attached to this recommendation.

24.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

ARTICLE 24a — TRANSFER AND LICENSING OF BACKGROUND

Each beneficiary remains free to license, transfer or otherwise dispose of its ownership rights in background, subject to any rights and obligations under this Agreement and the consortium agreement.

Where a beneficiary transfers ownership of background, it must pass on its obligations specified under this Agreement and the consortium agreement, regarding that background, to the transferee, including the obligation to pass those obligations on to any subsequent transferee.

A beneficiary may, without the consent of the other beneficiaries but provided that the other beneficiaries are informed without undue delay and that the transferee agrees in writing to be bound by this Agreement and the consortium agreement, transfer its background to any of the following:

(a) its affiliated entity,

(b) any purchaser of all or a substantial amount of its relevant assets, and

(c) any successor entity resulting from the merger with or consolidation of such a beneficiary.

The delay referred to in the third subparagraph must be agreed by the beneficiaries in the consortium agreement.

ARTICLE 25 — ACCESS RIGHTS TO BACKGROUND

25.1 Exercise of access rights — Waiving of access rights — No sub-licensing

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. However, any legal entity that enjoys access rights in order to complete the action or for research use (see Article 25.3) may authorize another legal entity to exercise those rights on its behalf, provided that the following conditions are fulfilled:

(a) the legal entity that enjoys access rights is liable for the acts of the other legal entity as if those acts had been performed by this former legal entity;

(b) access rights granted to the other legal entity do not include the right to sub-license.

25.2 Access rights for other beneficiaries, for implementing their own tasks under the action

During the action, the beneficiaries enjoy (unless prevented or restricted from doing so by obligations to others, which exist at the date of accession to this Agreement) access rights to the background of the other beneficiaries, solely for the purpose and to the extent necessary for undertaking and completing the action.

Such access must be granted on a royalty-free basis.

25.3 Access rights for other beneficiaries and their affiliated entities, for exploiting results

The following definitions as regards exploitation shall apply:

(a) 'research use' means the use of results or background needed to use results, for all purposes other than for completing the action or for direct exploitation, and which includes but is not limited to the application of results as a tool for research, including clinical research and trials, and which directly or indirectly contributes to the objectives set out in the Societal Challenge health, demographic change and well-being referred to in Regulation (EU) No 1291/2013.

(b) 'direct exploitation' means developing results for commercialization, including through clinical trials, or commercializing results themselves.

During and after completion of the action, beneficiaries and their affiliated entities enjoy (unless prevented or restricted from doing so by obligations to others which exist at the date of accession to this Agreement) access rights to the background of the other beneficiaries, only to the extent reasonably required for the purpose of the research use of results.

Such access rights for research use must be granted on a non-exclusive basis under fair and reasonable conditions (i.e. appropriate conditions, including financial terms or royalty-free, taking into account the actual or potential value of the background to which access is requested and other characteristics of the research use envisaged).

Beneficiaries are not required to grant access rights for direct exploitation to their own background and may use, exploit, sublicense or otherwise commercialize their background as they see fit, subject to access rights for research use.

Where direct exploitation by a beneficiary or third party, requires background necessary to use results owned by another beneficiary, the access rights may be negotiated between the parties involved.

Beneficiaries must agree in the consortium agreement on a time-limit in respect of requests for access.

25.4 Access rights for third parties

After completion of the action, (unless prevented or restricted from doing so by obligations to others which exist at the date of accession to this Agreement) third parties have the right to request and receive access rights to the background of the beneficiaries, only to the extent reasonably required for the purpose of the research use of results.
Such access rights must be granted on a non-exclusive basis, under conditions considered appropriate by the owner of the background and the third party concerned.

Before the signature of this Agreement or when identifying and agreeing on background (see Article 24) thereafter, a beneficiary may identify specific elements of the background and provide a reasoned request to the JU Programme office that such elements must be wholly or partially, excluded from the obligations referred to in the first subparagraph. The JU Programme office will only grant such request in exceptional circumstances and in making its decision will consider the objectives referred to in Article 2 of Regulation (EU) No 557/2014, the tasks of JU referred to in its statutes and the legitimate interests of the beneficiary concerned. It may grant such request on conditions agreed with the beneficiary. Any exceptions must be included in this Agreement and cannot be changed unless such change is permitted by this Agreement.

Beneficiaries must agree in the consortium agreement on a time-limit in respect of requests for access.

[OPTION 1 for trans-national access to research infrastructure: *The access provider must — unless it is subject to legal restrictions or limits, including those imposed by the rights of third parties (including personnel) — give users royalty-free access to background needed to implement the action.*

*The access provider must inform the users as soon as possible of any restriction which might substantially affect the granting of access rights.**]***

[OPTION 2: *Not applicable;**]***

25.5 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

SUBSECTION 3 RIGHTS AND OBLIGATIONS RELATED TO RESULTS

ARTICLE 26 — OWNERSHIP OF RESULTS

26.1 Ownership by the beneficiary that generates the results

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.

Results do not include any sideground, defined as tangible or intangible output generated by a beneficiary under the action, such as data, knowledge and information whatever their form or nature, whether or not they can be protected, but which are outside of the action objectives as defined in this Agreement and which therefore are not needed for implementing the action or for research use of results.

Each beneficiary remains the exclusive owner of its sideground but a different allocation of ownership may be agreed upon in the consortium agreement.

Beneficiaries are not required to grant access rights to sideground.

26.2 Joint ownership by several beneficiaries

Two or more beneficiaries own results jointly if:

(a) they have jointly generated them and

(b) it is not possible to:

(i) establish the respective contribution of each beneficiary, or

(ii) separate them for the purpose of applying for, obtaining or maintaining their protection (see Article 27).

The joint owners must agree (in writing) on the allocation and terms of exercise of their joint ownership ('**joint ownership agreement**'), to ensure compliance with their obligations under this Agreement.

Unless otherwise agreed in the joint ownership agreement, each joint owner may grant non-exclusive licences to third parties to exploit jointly-owned results (without any right to sub-license), if the other joint owners are given:

(a) at least 45 days advance notice and

(b) fair and reasonable compensation.

Once the results have been generated, joint owners may agree (in writing) to apply another regime than joint ownership (such as, for instance, transfer to a single owner (see Article 30) with access rights for the others).

26.3 Rights of third parties (including personnel)

If third parties (including personnel) may claim rights to the results, the beneficiary concerned must ensure that it complies with its obligations under the Agreement.

If a third party generates results, the beneficiary concerned must obtain all necessary rights (transfer, licences or other) from the third party, in order to be able to respect its obligations as if those results were generated by the beneficiary itself.

If obtaining the rights is impossible, the beneficiary must refrain from using the third party to generate the results.

26.4 JU ownership, to protect results

26.4.1 The JU may — with the consent of the beneficiary concerned — assume ownership of results to protect them, if a beneficiary intends — up to four years after the period set out in Article 3 — to disseminate its results without protecting them, except in any of the following cases:

(a) the lack of protection is because protecting the results is not possible, reasonable or justified (given the circumstances);

(b) the lack of protection is because there is a lack of potential for commercial or industrial exploitation, or

(c) the beneficiary intends to transfer the results to another beneficiary or third party established in an EU Member State or associated country, which will protect them.

Before the results are disseminated and unless any of the cases above under Points (a), (b) or (c) applies, the beneficiary must formally notify the JU and at the same time inform it of any reasons for refusing consent. The beneficiary may refuse consent only if it can show that its legitimate interests would suffer significant harm.

If the JU decides to assume ownership, it will formally notify the beneficiary concerned within 45 days of receiving notification.

No dissemination relating to these results may take place before the end of this period or, if the JU takes a positive decision, until it has taken the necessary steps to protect the results.

26.4.2 The JU may — with the consent of the beneficiary concerned — assume ownership of results to protect them, if a beneficiary intends — up to four years after the period set out in Article 3 — to stop protecting them or not to seek an extension of protection, except in any of the following cases:

(a) the protection is stopped because of a lack of potential for commercial or industrial exploitation;

(b) an extension would not be justified given the circumstances.

A beneficiary that intends to stop protecting results or not seek an extension must — unless any of the cases above under Points (a) or (b) applies — formally notify the JU at least 60 days before the protection lapses or its extension is no longer possible and at the same time inform it of any reasons for refusing consent. The beneficiary may refuse consent only if it can show that its legitimate interests would suffer significant harm.

If the JU decides to assume ownership, it will formally notify the beneficiary concerned within 45 days of receiving notification.

26.5 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

ARTICLE 27 — PROTECTION OF RESULTS — VISIBILITY OF JU FUNDING AND SUPPORT FROM JU MEMBERS

27.1 Obligation to protect the results

Each 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 beneficiaries.

27.2 JU ownership, to protect the results

If a beneficiary intends not to protect its results, to stop protecting them or not seek an extension of protection, the JU may — under certain conditions (see Article 26.4) — assume ownership to ensure their (continued) protection.

27.3 Information on JU funding and support from JU members *[and associated partners]*

Applications for protection of results (including patent applications) filed by or on behalf of a beneficiary must — unless the JU requests or agrees otherwise or unless it is impossible — include the following:

"The project leading to this application has received funding from the Innovative Medicines Initiative 2 Joint Undertaking (JU) under grant agreement No [number]. The JU receives support from the European Union's Horizon 2020 research and innovation programme and [insert names of the JU members other than the EU] *[and [insert name(s) of the Associated Partner(s)]]*. ".

27.4 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

ARTICLE 28 — EXPLOITATION OF RESULTS

28.1 Obligation to exploit the results

Each beneficiary must — up to four years after the period set out in Article 3 — take measures aiming to ensure '**exploitation**' of its results (either directly or indirectly, in particular through transfer or licensing; see Article 30) by:

(a) using them in further research activities (outside the action);

(b) developing, creating or marketing a product or process;

(c) creating and providing a service, or

(d) using them in standardisation activities.

[OPTION for additional exploitation obligations if foreseen in the work plan: *In addition, the beneficiaries must — up to four years after the period set out in Article 3 — comply with the additional exploitation obligations set out in Annex 1.****]***

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

28.2 Results that could contribute to European or international standards — Information on JU funding and support from JU members *[and associated partners]*

[OPTION for results that could contribute to standards if foreseen in the work plan: *If results could reasonably be expected to contribute to European or international standards, the beneficiary concerned must — up to four years after the period set out in Article 3 — inform the JU.****]***

If results are incorporated in a standard, the beneficiary concerned must — unless the JU requests or agrees otherwise or unless it is impossible — ask the standardisation body to include the following statement in (information related to) the standard:

"Results incorporated in this standard received funding from the Innovative Medicines Initiative 2 Joint Undertaking (JU) under grant agreement No [number]. The JU receives support from the

European Union's Horizon 2020 research and innovation programme and [insert names of the JU members other than the EU] *[and [insert name(s) of the Associated Partner(s)]]*. ".

28.3 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced in accordance with Article 43.

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

ARTICLE 29 — DISSEMINATION OF RESULTS — OPEN ACCESS — VISIBILITY OF JU FUNDING AND SUPPORT FROM JU MEMBERS

29.1 Obligation to disseminate results

Unless it goes against their legitimate interests, each beneficiary must — as soon as possible — '**disseminate**' its results by disclosing them to the public by appropriate means (other than those resulting from protecting or exploiting the results), including in scientific publications (in any medium).

[OPTION for additional dissemination obligations if foreseen in the work plan: *In addition, the beneficiaries must comply with the additional dissemination obligations set out in Annex 1.**]***

[OPTION for additional dissemination obligations for interoperability if foreseen in the work plan: *Moreover, the beneficiaries must — up to four years after the period set out in Article 3 — disseminate any technical specifications of the results that are needed for interoperability.**]***

[OPTION for additional dissemination obligations for cross-border interoperability if foreseen in the work plan: *Moreover, the beneficiaries must — up to four years after the period set out in Article 3 — disseminate the deliverables relating to cross-border interoperability (see Annex 1) and any results needed for cross-border interoperability (in particular common technical specifications and software components).**]***

This does not change the obligation to protect results in Article 27, the confidentiality obligations in Article 36, the security obligations in Article 37 or the obligations to protect personal data in Article 39, all of which still apply.

A beneficiary that intends to disseminate its results must give advance notice to the other beneficiaries of — unless agreed otherwise — at least 45 days, together with sufficient information on the results it will disseminate.

Any other beneficiary may object within — unless agreed otherwise — 30 days of receiving notification, if it can show that its legitimate interests in relation to the results or background would be significantly harmed. In such cases, the dissemination may not take place unless appropriate steps are taken to safeguard these legitimate interests.

If a beneficiary intends not to protect its results, it may — under certain conditions (see Article 26.4.1) — need to formally notify the JU before dissemination takes place.

29.2 Open access to scientific publications

Each beneficiary must ensure open access (free of charge, online access for any user) to all peer-reviewed scientific publications relating to its results.

In particular, it must:

(a) as soon as possible and at the latest on publication, deposit a machine-readable electronic copy of the published version or final peer-reviewed manuscript accepted for publication in a repository for scientific publications;

Moreover, the beneficiary must aim to deposit at the same time the research data needed to validate the results presented in the deposited scientific publications.

(b) ensure open access to the deposited publication — via the repository — at the latest:

(i) on publication, if an electronic version is available for free via the publisher, or

(ii) within six months of publication (twelve months for publications in the social sciences and humanities) in any other case.

(c) ensure open access — via the repository — to the bibliographic metadata that identify the deposited publication.

The bibliographic metadata must be in a standard format and must include all of the following:

- the terms "Innovative Medicines Initiative 2 Joint Undertaking", "European Union (EU)", "Horizon 2020", and "[insert names of the JU members other than the EU]*"**[**and "[insert name(s) of the associated partner(s)]"**]**;

- the name of the action, acronym and grant number;

- the publication date, and length of embargo period if applicable, and

- a persistent identifier.

29.3 Open access to research data

***[OPTION 1a for actions participating in the Open Research Data Pilot**: Regarding the digital research data generated in the action ('**data**'), the beneficiaries must:*

(a) deposit in a research data repository and take measures to make it possible for third parties to access, mine, exploit, reproduce and disseminate — free of charge for any user — the following:

(i) the data, including associated metadata, needed to validate the results presented in scientific publications as soon as possible;

(ii) ***[OPTION A for health actions that participate in the Open Research Data Pilot, if foreseen in the work plan:*** *data which is relevant for addressing a public health emergency, if specifically requested by the JU or the Commission and within the deadline specified in the request****][OPTION B:*** *not applicable****];***

(iii) other data, including associated metadata, as specified and within the deadlines laid down in the 'data management plan' (see Annex 1);

(b) provide information — via the repository — about tools and instruments at the disposal of the beneficiaries and necessary for validating the results (and — where possible — provide the tools and instruments themselves).

This does not change the obligation to protect results in Article 27, the confidentiality obligations in Article 36, the security obligations in Article 37 or the obligations to protect personal data in Article 39, all of which still apply.

*As an exception, the beneficiaries do not have to ensure open access to specific parts of their research data under Point (a)(i) and (iii), if the achievement of the action's main objective(as described in Annex 1) would be jeopardised by making those specific parts of the research data openly accessible. In this case, the data management plan must contain the reasons for not giving access.****]***

*[****additional OPTION for health actions that participate in the Open Research Data Pilot, if foreseen in the work plan:*** *As an exception, the beneficiaries do not have to ensure open access also to the research data under Point (a)(ii), if the JU or the Commission agrees to replace the open access obligation by special access rights for third parties that need the data to address the public health emergency. These access rights must include the right to access, mine, exploit and reproduce the data free of charge.]****]***

[OPTION 1b for health actions that do NOT participate in the Open Research Data Pilot, if foreseen in the work plan: *The JU or the Commission may require beneficiaries to:*

(a) deposit digital research data, which is generated in the action and relevant for addressing a public health emergency, in a research data repository and take measures to make it possible for third parties to access, mine, exploit, reproduce and disseminate the data free of charge for any user

or

(b) give specific access rights to third parties that need the digital research data to address the public health emergency (including the right to access, mine, exploit and reproduce the data free of charge)

within the deadline specified in the JU's or the Commission's request.

*This does not change the obligation to protect results in Article 27, the confidentiality obligations in Article 36, the security obligations in Article 37 or the obligations to protect personal data in Article 39, all of which still apply.**]***

[OPTION 1c for health actions targeting public health emergencies, if foreseen in the work plan: *The beneficiaries must deposit the digital research data generated in the action in a research data repository and take measures to make it possible for third parties to access, mine, exploit, reproduce and disseminate the data free of charge for any user, at the latest within 30 days after it has been generated.*

This does not change the obligation to protect results in Article 27, the confidentiality obligations in Article 36, the security obligations in Article 37 or the obligations to protect personal data in Article 39, all of which still apply.

*As an exception, the beneficiaries do not have to ensure open access, if the JU or the Commission agrees to replace the open access obligation by special access rights for third parties that need the research data to address the public health emergency. These access rights must include the right to access, mine, exploit and reproduce the data free of charge.**]***

[OPTION 2: *Not applicable;**]***

29.4 Information on JU funding and support from JU members *[and associated partners]* — Obligation and right to use the logos and the EU emblem

Unless the JU requests or agrees otherwise or unless it is impossible, any dissemination of results (in any form, including electronic) must:

(a) display the JU logo, the logo of *[insert* names of the JU Members other than the Union*]* ***[Option for grant agreements where Associated Partners are involved:*** *and of name(s) of the Associated Partner(s)**]*** and

(b) display the EU emblem and

(c) include the following text:

> "This project has received funding from the Innovative Medicines Initiative 2 Joint Undertaking (JU) under grant agreement No [Number]. The JU receives support from the European Union's Horizon 2020 research and innovation programme and [insert names of the JU members other than the EU] *[and [insert name(s) of the Associated Partner(s)]]*.".

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

For the purposes of their obligations under this Article, the beneficiaries may use the logos and the EU emblem without first obtaining approval from the JU, the Commission or the JU Members [and Associated Partners].

This does not however give them the right to exclusive use.

Moreover, they may not appropriate the logos or the EU emblem or any similar trademark or logo, either by registration or by any other means.

29.5 Disclaimer excluding JU responsibility

Any dissemination of results must indicate that it reflects only the author's view and that the JU is not responsible for any use that may be made of the information it contains.

29.6 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

ARTICLE 30 — TRANSFER AND LICENSING OF RESULTS

30.1 Transfer of ownership

Each 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.

Notwithstanding the above, a beneficiary may, without the consent of the other beneficiaries but provided that the other beneficiaries are informed without undue delay and that the transferee agrees in writing to be bound by this agreement and the consortium agreement, transfer its results to any of the following:

(i) its affiliated entity;

(ii) any purchaser of all or a substantial amount of its relevant assets;

(iii) any successor entity resulting from the merger with or consolidation of such a beneficiary.

The delay referred to in the sixth subparagraph must be agreed by the beneficiaries in the consortium agreement.

30.2 Granting licences

Provided that any access rights to the results can be exercised and that any additional obligations under this Agreement or consortium agreement are complied with by the beneficiary who owns results, the latter may grant licences to its results (or otherwise give the right to exploit them) to any legal entity.

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

30.3 JU right to object to transfers or licensing

[OPTION 1: *The JU may — up to four years after the period set out in Article 3 — object to a transfer of ownership or the exclusive licensing of results, if:*

(a) *it is to a third party established in a non-EU country not associated with Horizon 2020 and*

(b) *the JU considers that the transfer or licence is not in line with EU interests regarding competitiveness or is inconsistent with ethical principles or security considerations.*

A beneficiary that intends to transfer ownership or grant an exclusive licence must formally notify the JU before the intended transfer or licensing takes place and:

- *identify the specific results concerned;*
- *describe in detail the new owner or licensee and the planned or potential exploitation of the results, and*
- *include a reasoned assessment of the likely impact of the transfer or licence on EU competitiveness and its consistency with ethical principles and security considerations.*

The JU may request additional information.

If the JU decides to object to a transfer or exclusive licence, it must formally notify the beneficiary concerned within 60 days of receiving notification (or any additional information it has requested).

No transfer or licensing may take place in the following cases:

- *pending the JU decision, within the period set out above;*

- *if the JU objects;*

- *until the conditions are complied with, if the JU objection comes with conditions.]*

[OPTION 2:** Not applicable**]

30.4 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

ARTICLE 31 — ACCESS RIGHTS TO RESULTS

31.1 Exercise of access rights — Waiving of access rights — No sub-licensing

The conditions set out in Article 25.1 apply.

The obligations set out in this Article do not change the security obligations in Article 37, which still apply.

31.2 Access rights for other beneficiaries, for implementing their own tasks under the action

During the action, beneficiaries enjoy access rights to the results of the other beneficiaries solely for the purpose and to the extent necessary for undertaking and completing the action.

Such access must be granted on a royalty-free basis.

31.3 Access rights for other beneficiaries and their affiliated entities, for exploiting results

During and after completion of the action, beneficiaries and their affiliated entities enjoy access rights to the results of the other beneficiaries for research use (see Article 25.3).

Access rights for research use must be granted on a non-exclusive basis under fair and reasonable conditions (i.e. appropriate conditions including financial terms or royalty-free, taking into account the actual or potential value of the results to which access is requested and other characteristics of the research use envisaged).

Where direct exploitation by a beneficiary or third party requires results owned by another beneficiary, the access rights may be negotiated between the parties involved.

Beneficiaries must agree in the consortium agreement on a time-limit in respect of requests for access.

31.4 Not applicable

31.5 Access rights for the JU, the EU institutions, other EU bodies, offices or agencies and EU Member States

The beneficiaries must give access to their results — on a royalty-free basis — to the JU and to EU institutions, other EU bodies, offices or agencies, for developing, implementing or monitoring EU policies or programmes.

Such access rights are limited to non-commercial and non-competitive use.

This does not change the right to use any material, document or information received from the beneficiaries for communication and publicising activities (see Article 38.2).

31.6 Access rights for third parties

After the completion of the action, third parties shall have the right to request and receive access rights to the results of the beneficiaries for research use.

Such access rights must be granted on a non-exclusive basis under conditions considered appropriate by the owner of the results and the third party concerned. Those conditions may not be more favorable than the conditions applied to beneficiaries and affiliated entities for research use.

Beneficiaries must agree in the consortium agreement on a time-limit in respect of requests for access.

***[OPTION 1a for additional access rights for complementary grants if foreseen in the work plan**: The beneficiaries must give — under the conditions set out in Article 31.2 and 31.3 — access to their results to complementary beneficiaries[43], for the purposes of the complementary grant agreement(s) (see Article 2).]*

***[OPTION 1b for additional access rights for interoperability if foreseen in the work plan:** The beneficiaries must give third parties — up to four years after the period set out in Article 3 and [**OPTION A:** under fair and reasonable conditions (see Article 25.3)][**OPTION B:** on a royalty-free basis] — access to their results needed for interoperability.]*

***[OPTION 1c for additional access rights for cross-border interoperability if foreseen in the work plan:** The beneficiaries must give third parties — up to four years after the period set out in Article 3 and on a royalty-free basis — access to their results needed for interoperability, in particular for implementing the results in EU Member States or associated countries that are not participating in the action.*

[43] '**Complementary beneficiary**' means a beneficiary of a complementary grant agreement.

Beneficiaries must give access to software components under an EU public licence (or compatible licences) and must comply with any additional requirements set out in in Annex 1.]

[OPTION 1d for trans-national access to research infrastructure:** The access provider must give the users royalty-free access to the results needed to implement the action.**]

[OPTION 2:** Not applicable**]

31.7 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

SECTION 4 OTHER RIGHTS AND OBLIGATIONS

ARTICLE 32 — RECRUITMENT AND WORKING CONDITIONS FOR RESEARCHERS

32.1 Obligation to take measures to implement the European Charter for Researchers and Code of Conduct for the Recruitment of Researchers

The beneficiaries must take all measures to implement the principles set out in the Commission Recommendation on the European Charter for Researchers and the Code of Conduct for the Recruitment of Researchers[44], in particular regarding:

- working conditions;
- transparent recruitment processes based on merit, and
- career development.

The beneficiaries must ensure that researchers and third parties involved in the action are aware of them.

32.2 Consequences of non-compliance

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

ARTICLE 33 — GENDER EQUALITY

33.1 Obligation to aim for gender equality

The beneficiaries must take all measures to promote equal opportunities between men and women in the implementation of the action. They must aim, to the extent possible, for a gender balance at all levels of personnel assigned to the action, including at supervisory and managerial level.

33.2 Consequences of non-compliance

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

ARTICLE 34 — ETHICS AND RESEARCH INTEGRITY

34.1 Obligation to comply with ethical and research integrity principles

[44] Commission Recommendation 2005/251/EC of 11 March 2005 on the European Charter for Researchers and on a Code of Conduct for the Recruitment of Researchers (OJ L 75, 22.3.2005, p. 67).

The beneficiaries must carry out the action in compliance with:

(a) ethical principles (including the highest standards of research integrity)

and

(b) applicable international, EU and national law.

Funding will not be granted for activities carried out outside the EU if they are prohibited in all Member States or for activities which destroy human embryos (for example, for obtaining stem cells).

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

The beneficiaries must ensure that the activities under the action do not:

(a) aim at human cloning for reproductive purposes;

(b) intend to modify the genetic heritage of human beings which could make such changes heritable (with the exception of research relating to cancer treatment of the gonads, which may be financed), or

(c) intend to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer.

In addition, the beneficiaries must respect the fundamental principle of research integrity — as set out in the European Code of Conduct for Research Integrity[45].

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

[45] European Code of Conduct for Research Integrity of ALLEA (All European Academies) http://ec.europa.eu/research/participants/data/ref/h2020/other/hi/h2020-ethics_code-of-conduct_en.pdf.

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.

34.2 Activities raising ethical issues

Activities raising ethical issues must comply with the '**ethics requirements**' set out as deliverables in Annex 1.

Before the beginning of an activity raising an ethical issue, each beneficiary must have obtained:

(a) any ethics committee opinion required under national law and

(b) any notification or authorisation for activities raising ethical issues required under national and/or European law

needed for implementing the action tasks in question.

The documents must be kept on file and be submitted upon request by the coordinator to the JU (see Article 52). If they are not in English, they must be submitted together with an English summary, which shows that the action tasks in question are covered and includes the conclusions of the committee or authority concerned (if available).

34.3 Activities involving human embryos or human embryonic stem cells

Activities involving research on human embryos or human embryonic stem cells may be carried out, in addition to Article 34.1, only if:

- they are set out in Annex 1 or

- the coordinator has obtained explicit approval (in writing) from the JU (see Article 52).

34.4 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43) and the Agreement or participation of the beneficiary may be terminated (see Article 50).

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

ARTICLE 35 — CONFLICT OF INTERESTS

35.1 Obligation to avoid a conflict of interests

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

35.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43) and the Agreement or participation of the beneficiary may be terminated (see Article 50).

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

ARTICLE 36 — CONFIDENTIALITY

36.1 General obligation to maintain confidentiality

During implementation of the action 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 a beneficiary requests, the JU 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 beneficiaries may disclose confidential information to their personnel or third parties involved in the action only if they:

(a) need to know to implement the Agreement and

(b) are bound by an obligation of confidentiality.

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

The JU may disclose confidential information to its staff, other EU institutions and bodies. It may disclose confidential information to third parties, if:

(a) this is necessary to implement the Agreement or safeguard the EU's or JU's financial interests and

(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 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;

(c) the recipient proves that the information was developed without the use of confidential information;

(d) the information becomes generally and publicly available, without breaching any confidentiality obligation, or

(e) the disclosure of the information is required by EU or national law.

36.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

ARTICLE 37 — SECURITY-RELATED OBLIGATIONS

37.1 Results with a security recommendation

[OPTION 1 if applicable to the grant: *The beneficiaries must comply with the 'security recommendation(s)' set out in Annex 1.*

For security recommendations restricting disclosure or dissemination, the beneficiaries must — before disclosure or dissemination to a third party (including linked third parties, such as affiliated entities) — inform the coordinator, which must request written approval from the JU.

*In case of changes to the security context, the beneficiaries must inform the coordinator, which must immediately inform the JU and, if necessary, request for Annex 1 to be amended (see Article 55).**]***

[OPTION 2: *Not applicable**]***

37.2 Classified information

[OPTION 1 if applicable to the grant: *The beneficiaries must comply with the security classification set out in Annex 1 ('security aspect letter (SAL)' and 'security classification guide (SCG)').*

Information that is classified must be treated in accordance with the security aspect letter (SAL) and Decision No 2015/*444*[46] *— until it is declassified.*

Action tasks involving classified information may not be subcontracted without prior explicit written approval from the JU.

In case of changes to the security context, the beneficiaries must inform the coordinator, which must immediately inform the JU and, if necessary, request for Annex 1 to be amended (see Article 55)].

[OPTION 2:** Not applicable**]

37.3 Activities involving dual-use goods or dangerous materials and substances

***[OPTION 1 if applicable to the grant:** Activities involving dual-use goods or dangerous materials and substances must comply with applicable EU, national and international law.*

*Before the beginning of the activity, the coordinator must submit to the JU (see Article 52) a copy of any export or transfer licences required under EU, national or international law.**]***

[OPTION 2:** Not applicable**]

37.4 Consequences of non-compliance

***[OPTION 1 to be used if 37.1, 37.2 and/or 37.3 are applicable:** If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).*

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

[OPTION 2:** Not applicable**]

ARTICLE 38 — PROMOTING THE ACTION — VISIBILITY OF JU FUNDING AND SUPPORT FROM JU MEMBERS

38.1 Communication activities by beneficiaries

38.1.1 Obligation to promote the action and its results

The beneficiaries must promote the action and its results, by providing targeted information to multiple audiences (including the media and the public) in a strategic and effective manner.

This does not change the dissemination obligations in Article 29, the confidentiality obligations in Article 36 or the security obligations in Article 37, all of which still apply.

[46] Commission Decision 2015/444/EC, Euratom of 13 March 2015 on the security rules for protecting EU classified information.

Before engaging in a communication activity expected to have a major media impact, the beneficiaries must inform the JU (see Article 52).

38.1.2 Information on JU funding and support from JU members *[and associated partners]* — Obligation and right to use the logos and the EU emblem

Unless the JU requests or agrees otherwise or unless it is impossible, any communication activity related to the action (including in electronic form, via social media, etc.) and any infrastructure, equipment and major results funded by the grant must:

(a) display the JU logo, the logo of [insert names of the JU Members other than the Union]***[Option for grant agreements where Associated Partners are involved:*** *and of [insert name(s) of the Associated Partner(s)]**]*** and

(b) display the EU emblem and

(c) include the following text:

For communication activities:

"This project has received funding from the Innovative Medicines Initiative 2 Joint Undertaking (JU) under grant agreement No [Number]. The JU receives support from the European Union's Horizon 2020 research and innovation programme and [insert names of the JU members other than the EU] *[and [insert name(s) of the Associated Partner(s)]]*.".

For infrastructure, equipment and major results:

"This *[infrastructure][equipment][insert type of result]* is part of a project that has received funding from the Innovative Medicines Initiative 2 Joint Undertaking (JU) under grant agreement No [Number]. The JU receives support from the European Union's Horizon 2020 research and innovation programme and [insert names of the JU members other than the EU] *[and [insert name(s) of the Associated Partner(s)]]*.".

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

For the purposes of their obligations under this Article, the beneficiaries may use the logos and the EU emblem without first obtaining approval from the JU, the Commission or the JU Members [and Associated Partners].

This does not, however, give them the right to exclusive use.

Moreover, they may not appropriate the logos and the EU emblem or any similar trademark or logo, either by registration or by any other means.

38.1.3 Disclaimer excluding JU responsibility

Any communication activity related to the action must indicate that it reflects only the author's view and that the JU is not responsible for any use that may be made of the information it contains.

38.2 Communication activities by the JU

38.2.1 Right to use beneficiaries' materials, documents or information

The JU may use, for its communication and publicising activities, information relating to the action, documents notably summaries for publication and public deliverables as well as any other material, such as pictures or audio-visual material received from any beneficiary (including in electronic form).

This does not change the confidentiality obligations in Article 36 and the security obligations in Article 37, all of which still apply.

If the JU's use of these materials, documents or information would risk compromising legitimate interests, the beneficiary concerned may request the JU not to use it (see Article 52).

The right to use a beneficiary's materials, documents and information includes:

(a) **use for its own purposes** (in particular, making them available to persons working for the JU or any other EU institution, body, office or agency or body or institutions in EU Member States; and copying or reproducing them in whole or in part, in unlimited numbers);

(b) **distribution to the public** (in particular, publication as hard copies and in electronic or digital format, publication on the internet, as a downloadable or non-downloadable file, broadcasting by any channel, public display or presentation, communicating through press information services, or inclusion in widely accessible databases or indexes);

(c) **editing or redrafting** for communication and publicising activities (including shortening, summarising, inserting other elements (such as meta-data, legends, other graphic, visual, audio or text elements), extracting parts (e.g. audio or video files), dividing into parts, use in a compilation);

(d) translation;

(e) giving **access in response to individual requests** under Regulation No 1049/2001[47], without the right to reproduce or exploit;

(f) **storage** in paper, electronic or other form;

(g) **archiving**, in line with applicable document-management rules, and

(h) the right to authorise **third parties** to act on its behalf or sub-license the modes of use set out in Points (b), (c), (d) and (f) to third parties if needed for the communication and publicising activities of the JU.

[47] Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents, OJ L 145, 31.5.2001, p. 43.

If the right of use is subject to rights of a third party (including personnel of the beneficiary), the beneficiary must ensure that it complies with its obligations under this Agreement (in particular, by obtaining the necessary approval from the third parties concerned).

Where applicable (and if provided by the beneficiaries), the JU will insert the following information:

> "© – [year] – [name of the copyright owner]. All rights reserved. Licensed to the Innovative Medicines Initiative 2 Joint Undertaking under conditions."

38.3 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

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

ARTICLE 39 — PROCESSING OF PERSONAL DATA

39.1 Processing of personal data by the JU and the Commission

Any personal data under the Agreement will be processed by the JU or the Commission under Regulation No 45/2001[48] and according to the 'notifications of the processing operations' to the Data Protection Officer (DPO) of the JU or the Commission (publicly accessible in the DPO register).

Such data will be processed by the '**data controller**' of the JU or the Commission for the purposes of implementing, managing and monitoring the Agreement or protecting the financial interests of the JU, EU or Euratom (including checks, reviews, audits and investigations; see Article 22).

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 JU and Commission websites.

They also have the right to have recourse at any time to the European Data Protection Supervisor (EDPS).

39.2 Processing of personal data by the beneficiaries

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

[48] Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12.01.2001, p. 1).

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

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

39.3 Consequences of non-compliance

If a beneficiary breaches any of its obligations under Article 39.2, the JU may apply any of the measures described in Chapter 6.

ARTICLE 40 — ASSIGNMENTS OF CLAIMS FOR PAYMENT AGAINST THE JU

The beneficiaries may not assign any of their claims for payment against the JU to any third party, except if approved by the JU on the basis of a reasoned, written request by the coordinator (on behalf of the beneficiary concerned).

If the JU has not accepted the assignment or the terms of it are not observed, the assignment will have no effect on it.

In no circumstances will an assignment release the beneficiaries from their obligations towards the JU.

CHAPTER 5 DIVISION OF BENEFICIARIES' ROLES AND RESPONSIBILITIES — RELATIONSHIP WITH COMPLEMENTARY BENEFICIARIES — RELATIONSHIP WITH PARTNERS OF A JOINT ACTION

ARTICLE 41 — DIVISION OF BENEFICIARIES' ROLES AND RESPONSIBILITIES — RELATIONSHIP WITH COMPLEMENTARY BENEFICIARIES — RELATIONSHIP WITH PARTNERS OF A JOINT ACTION

41.1 Roles and responsibilities towards the JU

The beneficiaries have full responsibility for implementing the action and complying with the Agreement.

The beneficiaries are jointly and severally liable for the **technical implementation** of the action as described in Annex 1. If a beneficiary fails to implement its part of the action, the other beneficiaries become responsible for implementing this part (without being entitled to any additional JU funding for doing so), unless the JU expressly relieves them of this obligation.

The **financial responsibility** of each beneficiary is governed by Article 44.

41.2 Internal division of roles and responsibilities

The internal roles and responsibilities of the beneficiaries are divided as follows:

(a) Each **beneficiary** must:

(i) keep information stored in the Participant Portal Beneficiary Register (via the electronic exchange system) up to date (see Article 17);

(ii) inform the coordinator immediately of any events or circumstances likely to affect significantly or delay the implementation of the action (see Article 17);

(iii) submit to the coordinator in good time:

- individual financial statements for itself *[and its linked third parties]* and, if required, certificates on the financial statements (see Article 20);
- the data needed to draw up the technical reports (see Article 20);
- ethics committee opinions and notifications or authorisations for activities raising ethical issues (see Article 34);
- any other documents or information required by the JU under the Agreement, unless the Agreement requires the beneficiary to submit this information directly to the JU.

(b) The **coordinator** must:

(i) monitor that the action is implemented properly (see Article 7);

(ii) act as the intermediary for all communications between the beneficiaries and the JU (in particular, providing the JU with the information described in Article 17), unless the Agreement specifies otherwise;

(iii) request and review any documents or information required by the JU and verify their completeness and correctness before passing them on to the JU;

(iv) submit the deliverables and reports to the JU (see Articles 19 and 20);

(v) ensure that all payments are made to the other beneficiaries without unjustified delay (see Article 21);

(vi) inform the JU of the amounts paid to each beneficiary, when required under the Agreement (see Articles 44 and 50) or requested by the JU.

The coordinator may not delegate or subcontract the above-mentioned tasks to any other beneficiary or third party (including linked third parties).

[OPTION to be used when the coordinator is a secondary or higher education establishment or public body and there is an 'authorisation to administer' given to a third party created, controlled or affiliated to the coordinator: *As an exception, the coordinator delegates the tasks set out in Point 2(b)(v) and (vi) above to [insert name of third party with an authorisation to administer]. The coordinator retains sole responsibility for the JU contribution and for compliance with the obligations under the Agreement.**]***

[OPTION to be used when the coordinator is an European Research Infrastructure Consortium (ERIC)[49] without own resources: *As an exception, the coordinator delegates the tasks set out in Point 2(b)(i) to (iv) above to [insert name of member of the ERIC]. The coordinator retains sole responsibility for compliance with the obligations under the Agreement.**]***

41.3 Internal arrangements between beneficiaries — Consortium agreement

[OPTION 1 to be used, unless the work plan specifies that there is no need for a consortium agreement*: The beneficiaries must have internal arrangements regarding their operation and co-ordination to ensure that the action is implemented properly. These internal arrangements must be set out in a written '****consortium agreement****' between the beneficiaries, which may cover:*

- *internal organisation of the consortium, including allocation of scientific tasks among beneficiaries;*

[49] See Council Regulation (EC) No 723/2009 of 25 June 2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC) (OJ L 206, 08.08.2009, p.1).

- *management of access to the electronic exchange system;*

- *distribution of JU funding;*

- *additional rules on rights and obligations related to background and results (including whether access rights remain or not, if a beneficiary is in breach of its obligations) (see Section 3 of Chapter 4);*

- *settlement of internal disputes;*

- *liability, indemnification and confidentiality arrangements between the beneficiaries.*

The consortium agreement must not contain any provision contrary to the Agreement.

[OPTION 2:** Not applicable**]

41.4 Relationship with complementary beneficiaries — Collaboration agreement

***[OPTION 1 for complementary grants if foreseen in the work plan**: The beneficiaries must conclude a written 'collaboration agreement' with the complementary beneficiaries to coordinate the work under the Agreement and the complementary grant agreement(s) (see Article 2), covering for instance:*

- *efficient decision making processes and*

- *settlement of disputes.*

The collaboration agreement must not contain any provision contrary to the Agreement.

The beneficiaries and complementary beneficiaries must create and participate in common boards and advisory structures to decide on collaboration and synchronisation of activities, including on management of outcomes, common approaches towards standardisation, SME involvement, links with regulatory and policy activities, and commonly shared dissemination and awareness raising activities.

The beneficiaries must give access to their results to the complementary beneficiaries, for the purposes of the complementary grant agreement(s) (see Article 31.6).

*The beneficiaries must share the technical reports (see Article 20.3 and 20.4). The confidentiality obligations in Article 36 apply.**]***

[OPTION 2:** Not applicable**]

41.5 Relationship with partners of a joint action — Coordination agreement

***[OPTION 1 for joint actions (joint call with a third country or an international organisation)**: The beneficiaries must conclude a '**coordination agreement**' with the partners of the third country or international organisation action (see Article 2), covering for instance:*

- *the internal organisation of the beneficiaries in both actions, including the decision making procedures;*

- *rules on intellectual property rights (for example regarding protection, dissemination, use and access rights);*

- *the settlement of internal disputes;*

- *liability, indemnification and confidentiality arrangements between the beneficiaries in both actions.*

*The coordination agreement must not contain any provision contrary to the Agreement.**]***

[OPTION 2:** Not applicable**]

CHAPTER 6 REJECTION OF COSTS — REDUCTION OF THE GRANT — RECOVERY — SANCTIONS — DAMAGES — SUSPENSION — TERMINATION — FORCE MAJEURE

SECTION 1 REJECTION OF COSTS — REDUCTION OF THE GRANT — RECOVERY — SANCTIONS

ARTICLE 42 — REJECTION OF INELIGIBLE COSTS

42.1 Conditions

The JU will — after **termination of the participation of a beneficiary**, at the time of an **interim payment**, **at the payment of the balance** or **afterwards** — reject any costs which are ineligible (see Article 6), in particular following checks, reviews, audits or investigations (see Article 22).

The rejection may also be based on the **extension of findings from other grants to this grant (**see Article 22.5.2).

42.2 Ineligible costs to be rejected — Calculation — Procedure

Ineligible costs will be rejected in full ***[OPTION if lump sum foreseen in Article 5.2:**, except for lump sum costs, which will be rejected proportionally to the tasks or parts of the action not implemented**]***.

If the rejection of costs does not lead to a recovery (see Article 44), the JU will formally notify the coordinator or beneficiary concerned of the rejection of costs, the amounts and the reasons why (if applicable, together with the notification of amounts due; see Article 21.5). The coordinator or beneficiary concerned may — within 30 days of receiving notification — formally notify the JU of its disagreement and the reasons why.

If the rejection of costs leads to a recovery, the JU will follow the contradictory procedure with pre-information letter set out in Article 44.

42.3 Effects

If the JU rejects costs at the time of an **interim payment** or **the payment of the balance**, it will deduct them from the total eligible costs declared, for the action, in the periodic or final summary financial statement (see Articles 20.3 and 20.4). It will then calculate the interim payment or payment of the balance as set out in Articles 21.3 or 21.4.

If the JU rejects costs **after termination of the participation of a beneficiary**, it will deduct them from the costs declared by the beneficiary in the termination report and include the rejection in the calculation after termination (see Article 50.2 and 50.3).

If the JU — **after an interim payment but before the payment of the balance** — rejects costs declared in a periodic summary financial statement, it will deduct them from the total eligible costs declared, for the action, in the next periodic summary financial statement or in the final summary financial statement. It will then calculate the interim payment or payment of the balance as set out in Articles 21.3 or 21.4.

If the JU rejects costs **after the payment of the balance**, it will deduct the amount rejected from the total eligible costs declared, by the beneficiary, in the final summary financial statement. It will then calculate the revised final grant amount as set out in Article 5.4.

ARTICLE 43 — REDUCTION OF THE GRANT

43.1 Conditions

The JU may — **after termination of the participation of a beneficiary**, **at the payment of the balance** or **afterwards** — reduce the grant amount (see Article 5.1), if:

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

(i) substantial errors, irregularities or fraud or

(ii) 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 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 (**extension of findings from other grants to this grant**; see Article 22.5.2).

43.2 Amount to be reduced — Calculation — Procedure

The amount of the reduction will be proportionate to the seriousness of the errors, irregularities or fraud or breach of obligations.

Before reduction of the grant, the JU will formally notify a '**pre-information letter**' to the coordinator or beneficiary concerned:

- informing it of its intention to reduce the grant, the amount it intends to reduce and the reasons why and

- inviting it to submit observations within 30 days of receiving notification.

If the JU does not receive any observations or decides to pursue reduction despite the observations it has received, it will formally notify **confirmation** of the reduction (if applicable, together with the notification of amounts due; see Article 21).

43.3 Effects

If the JU reduces the grant **after termination of the participation of a beneficiary**, it will calculate the reduced grant amount for that beneficiary and then determine the amount due to that beneficiary (see Article 50.2 and 50.3).

If the JU reduces the grant **at the payment of the balance**, it will calculate the reduced grant amount for the action and then determine the amount due as payment of the balance (see Articles 5.3.4 and 21.4).

If the JU reduces the grant **after the payment of the balance**, it will calculate the revised final grant amount for the beneficiary concerned (see Article 5.4). If the revised final grant amount for the beneficiary concerned is lower than its share of the final grant amount, the JU will recover the difference (see Article 44).

ARTICLE 44 — RECOVERY OF UNDUE AMOUNTS

44.1 Amount to be recovered — Calculation — Procedure

The JU will — after **termination of the participation of a beneficiary**, **at the payment of the balance** or **afterwards** — claim back any amount that was paid but is not due under the Agreement.

Each beneficiary's financial responsibility in case of recovery is limited to its own debt ***[OPTION if Article 14 applies:*** *(including undue amounts paid by the JU for costs declared by its linked third parties)**]***, except for the amount retained for the Guarantee Fund (see Article 21.4).

44.1.1 Recovery after termination of a beneficiary's participation

If recovery takes place after termination of a beneficiary's participation (including the coordinator), the JU will claim back the undue amount from the beneficiary concerned, by formally notifying it a debit note (see Article 50.2 and 50.3). This note will specify the amount to be recovered, the terms and the date for payment.

If payment is not made by the date specified in the debit note, the JU will **recover** the amount:

(a) by '**offsetting**' it — without the beneficiary's consent — against any amounts owed to the beneficiary concerned by the JU.

In exceptional circumstances, to safeguard the EU's or the JU's financial interests, the JU may offset before the payment date specified in the debit note;

(b) ***[OPTION 1 if Article 14 applies and joint and several liability has been requested by the JU:*** *if a linked third party has accepted joint and several liability (see Article 14), by* ***holding the third party liable*** *up to the maximum JU contribution indicated, for the linked third party, in the estimated budget (see Annex 2) and/or****][OPTION 2:*** *not applicable;****]***

(c) by **taking legal action** (see Article 57).

If payment is not made by the date specified in the debit note, the amount to be recovered (see above) will be increased by **late-payment interest** at the rate set out in Article 21.11, from the day following the payment date in the debit note, up to and including the date the JU receives full payment of the amount.

Partial payments will be first credited against expenses, charges and late-payment interest and then against the principal.

Bank charges incurred in the recovery process will be borne by the beneficiary, unless Directive 2007/64/EC[50] applies.

44.1.2 Recovery at payment of the balance

If the payment of the balance takes the form of a recovery (see Article 21.4), the JU will formally notify a '**pre-information letter**' to the coordinator:

- informing it of its intention to recover, the amount due as the balance and the reasons why;

- specifying that it intends to deduct the amount to be recovered from the amount retained for the Guarantee Fund;

- requesting the coordinator to submit a report on the distribution of payments to the beneficiaries within 30 days of receiving notification, and

[50] Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC (OJ L 319, 05.12.2007, p. 1).

- inviting the coordinator to submit observations within 30 days of receiving notification.

If no observations are submitted or the JU decides to pursue recovery despite the observations it has received, it will **confirm recovery** (together with the notification of amounts due; see Article 21.5) and:

- pay the difference between the amount to be recovered and the amount retained for the Guarantee Fund, **if the difference is positive** or

- formally notify to the coordinator a **debit note** for the difference between the amount to be recovered and the amount retained for the Guarantee Fund, **if the difference is negative**. This note will also specify the terms and the date for payment.

If the coordinator does not repay the JU by the date in the debit note and has not submitted the report on the distribution of payments: the JU will **recover** the amount set out in the debit note from the coordinator (see below).

If the coordinator does not repay the JU by the date in the debit note, but has submitted the report on the distribution of payments: the JU will:

(a) identify the beneficiaries for which the amount calculated as follows is negative:

{{{ {beneficiary's costs declared in the final summary financial statement and approved by the JU multiplied by the reimbursement rate set out in Article 5.2 for the beneficiary concerned

[plus

its linked third parties' costs declared in the final summary financial statement and approved by the JU multiplied by the reimbursement rate set out in Article 5.2 for each linked third party concerned]}

divided by

the JU contribution for the action calculated according to Article 5.3.1 }

multiplied by

the final grant amount (see Article 5.3)**}**,

minus

{pre-financing and interim payments received by the beneficiary}**}**.

(b) formally notify to each beneficiary identified according to point (a) a **debit note** specifying the terms and date for payment. The amount of the debit note is calculated as follows:

{{amount calculated according to point (a) for the beneficiary concerned

divided by

the sum of the amounts calculated according to point (a) for all the beneficiaries identified according to point (a)}

multiplied by

the amount set out in the debit note formally notified to the coordinator}.

If payment is not made by the date specified in the debit note, the JU will **recover** the amount:

(a) by **offsetting** it — without the beneficiary's consent — against any amounts owed to the beneficiary concerned by the JU.

In exceptional circumstances, to safeguard the EU's or the JU's financial interests, the JU may offset before the payment date specified in the debit note;

(b) by **drawing on the Guarantee Fund.** The JU will formally notify the beneficiary concerned the debit note on behalf of the Guarantee Fund and recover the amount:

(i) ***[OPTION 1 if Article 14 applies and joint and several liability has been requested by the JU:*** *if a linked third party has accepted joint and several liability (see Article 14), by* ***holding the third party liable*** *up to the maximum JU contribution indicated, for the linked third party, in the estimated budget (see Annex 2) and/or****][OPTION 2:*** *not applicable;****]***

(ii) by **taking legal action** (see Article 57).

If payment is not made by the date in the debit note, the amount to be recovered (see above) will be increased by **late-payment interest** at the rate set out in Article 21.11, from the day following the payment date in the debit note, up to and including the date the JU receives full payment of the amount.

Partial payments will be first credited against expenses, charges and late-payment interest and then against the principal.

Bank charges incurred in the recovery process will be borne by the beneficiary, unless Directive 2007/64/EC applies.

44.1.3 Recovery of amounts after payment of the balance

If, for a beneficiary, the revised final grant amount (see Article 5.4) is lower than its share of the final grant amount, it must repay the difference to the JU.

The beneficiary's share of the final grant amount is calculated as follows:

{{{beneficiary's costs declared in the final summary financial statement and approved by the JU multiplied by the reimbursement rate set out in Article 5.2 for the beneficiary concerned

[plus

its linked third parties' costs declared in the final summary financial statement and approved by the JU multiplied by the reimbursement rate set out in Article 5.2 for each linked third party concerned] }

divided by

the JU contribution for the action calculated according to Article 5.3.1 }

multiplied by

the final grant amount (see Article 5.3)**}**.

If the coordinator has not distributed amounts received (see Article 21.7), the JU will also recover these amounts.

The JU will formally notify a **pre-information letter** to the beneficiary concerned:

- informing it of its intention to recover, the due amount and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If no observations are submitted or the JU decides to pursue recovery despite the observations it has received, it will **confirm** the amount to be recovered and formally notify to the beneficiary concerned a **debit note**. This note will also specify the terms and the date for payment.

If payment is not made by the date specified in the debit note, the JU will **recover** the amount:

(a) by **offsetting** it — without the beneficiary's consent — against any amounts owed to the beneficiary concerned by the JU.

In exceptional circumstances, to safeguard the EU's or the JU's financial interests, the JU may offset before the payment date specified in the debit note;

(b) by **drawing on the Guarantee Fund.** The JU will formally notify the beneficiary concerned the debit note on behalf of the Guarantee Fund and recover the amount:

(i) ***[OPTION 1 if Article 14 applies and joint and several liability has been requested by the JU:*** *if a linked third party has accepted joint and several liability (see Article 14), by* ***holding the third party liable*** *up to the maximum JU contribution indicated, for the linked third party, in the estimated budget (see Annex 2) and/or****] [OPTION 2:*** *not applicable;****]***

(ii) by **taking legal action** (see Article 57).

If payment is not made by the date in the debit note, the amount to be recovered (see above) will be increased by **late-payment interest** at the rate set out in Article 21.11, from the day

following the date for payment in the debit note, up to and including the date the JU receives full payment of the amount.

Partial payments will be first credited against expenses, charges and late-payment interest and then against the principal.

Bank charges incurred in the recovery process will be borne by the beneficiary, unless Directive 2007/64/EC applies.

ARTICLE 45 — ADMINISTRATIVE SANCTIONS

In addition to contractual measures, the JU may also adopt administrative sanctions under Articles 33 and 35 of the JU Financial Rules read in conjunction with Articles 106 and 131(4) of the Financial Regulation No 966/2012 (i.e. exclusion from future procurement contracts, grants, prizes and expert contracts and/or financial penalties).

SECTION 2 LIABILITY FOR DAMAGES

ARTICLE 46 — LIABILITY FOR DAMAGES

46.1 Liability of the JU

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

The JU cannot be held liable for any damage caused by any of the beneficiaries or third parties involved in the action, as a consequence of implementing the Agreement.

46.2 Liability of the beneficiaries

Except in case of force majeure (see Article 51), the beneficiaries must compensate the JU 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.

SECTION 3 SUSPENSION AND TERMINATION

ARTICLE 47 — SUSPENSION OF PAYMENT DEADLINE

47.1 Conditions

The JU may — at any moment — suspend the payment deadline (see Article 21.2 to 21.4) if a request for payment (see Article 20) cannot be approved because:

(a) it does not comply with the provisions of the Agreement (see Article 20);

(b) the technical reports or financial reports have not been submitted or are not complete or additional information is needed, or

(c) there is doubt about the eligibility of the costs declared in the financial statements and additional checks, reviews, audits or investigations are necessary.

47.2 Procedure

The JU will formally notify the coordinator of the suspension and the reasons why.

The suspension will **take effect** the day notification is sent by the JU (see Article 52).

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 suspension exceeds two months, the coordinator may request the JU if the suspension will continue.

If the payment deadline has been suspended due to the non-compliance of the technical or financial reports (see Article 20) and the revised report or statement is not submitted or was submitted but is also rejected, the JU may also terminate the Agreement or the participation of the beneficiary (see Article 50.3.1(l)).

ARTICLE 48 — SUSPENSION OF PAYMENTS

48.1 Conditions

The JU may — at any moment — suspend payments, in whole or in part and for one or more beneficiaries, 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:

(i) substantial errors, irregularities or fraud or

(ii) 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 JU, 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 (**extension of findings from other grants to this grant**; see Article 22.5.2).

If payments are suspended for one or more beneficiaries, the JU will make partial payment(s) for the part(s) not suspended. If suspension concerns the payment of the balance, — once suspension is lifted — the payment or the recovery of the amount(s) concerned will be considered the payment of the balance that closes the action.

48.2 Procedure

Before suspending payments, the JU will formally notify the coordinator or beneficiary concerned:

- 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 JU 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 JU.

If the conditions for resuming payments are met, the suspension will be **lifted**. The JU will formally notify the coordinator or beneficiary concerned.

During the suspension, the periodic report(s) for all reporting periods except the last one (see Article 20.3), must not contain any individual financial statements from the beneficiary concerned *[and its linked third parties]*. The coordinator must include them in the next periodic report after the suspension is lifted or — if suspension is not lifted before the end of the action — in the last periodic report.

The beneficiaries may suspend implementation of the action (see Article 49.1) or terminate the Agreement or the participation of the beneficiary concerned (see Article 50.1 and 50.2).

ARTICLE 49 — SUSPENSION OF THE ACTION IMPLEMENTATION

49.1 Suspension of the action implementation, by the beneficiaries

49.1.1 Conditions

The beneficiaries may suspend implementation of the action or any part of it, if exceptional circumstances — in particular *force majeure* (see Article 51) — make implementation impossible or excessively difficult.

49.1.2 Procedure

The coordinator must immediately formally notify to the JU the suspension (see Article 52), stating:

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

The suspension will **take effect** the day this notification is received by the JU.

Once circumstances allow for implementation to resume, the coordinator must immediately formally notify the JU 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 (see Article 55) — unless the Agreement or the participation of a beneficiary has been terminated (see Article 50).

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 (see Article 6).

49.2 Suspension of the action implementation, by the JU

49.2.1 Conditions

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

(a) a 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:

  (i) substantial errors, irregularities or fraud or

  (ii) 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) a beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed — in other JU, 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 (**extension of findings from other grants to this grant**; see Article 22.5.2), or

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

49.2.2 Procedure

Before suspending implementation of the action, the JU will formally notify the coordinator or beneficiary concerned:

- 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 JU 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 coordinator or beneficiary concerned 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 (see Article 55) — unless the Agreement has already been terminated (see Article 50).

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 (see Article 6).

The beneficiaries may not claim damages due to suspension by the JU (see Article 46).

Suspension of the action implementation does not affect the JU's right to terminate the Agreement or participation of a beneficiary (see Article 50), reduce the grant or recover amounts unduly paid (see Articles 43 and 44).

ARTICLE 50 — TERMINATION OF THE AGREEMENT OR OF THE PARTICIPATION OF ONE OR MORE BENEFICIARIES

50.1 Termination of the Agreement, by the beneficiaries

50.1.1 Conditions and procedure

The beneficiaries may terminate the Agreement.

The coordinator must formally notify termination to the JU (see Article 52), stating:

- the reasons why and
- the date the termination will take effect. This date must be after the notification.

If no reasons are given or if the JU considers the reasons do not justify termination, the Agreement will be considered to have been '**terminated improperly**'.

The termination will **take effect** on the day specified in the notification.

50.1.2 Effects

The coordinator must — within 60 days from when termination takes effect — submit:

(i) a periodic report (for the open reporting period until termination; see Article 20.3) and

(ii) the final report (see Article 20.4).

If the JU does not receive the reports within the deadline (see above), only costs which are included in an approved periodic report will be taken into account.

The JU will **calculate** the final grant amount (see Article 5.3) and the balance (see Article 21.4) on the basis of the reports submitted. Only costs incurred until termination are eligible (see Article 6). Costs relating to contracts due for execution only after termination are not eligible.

Improper termination may lead to a reduction of the grant (see Article 43).

After termination, the beneficiaries' obligations (in particular Articles 20, 22, 23, Section 3 of Chapter 4, 36, 37, 38, 40, 42, 43 and 44) continue to apply.

50.2 Termination of the participation of one or more beneficiaries, by the beneficiaries

50.2.1 Conditions and procedure

The participation of one or more beneficiaries may be terminated by the coordinator, on request of the beneficiary concerned or on behalf of the other beneficiaries.

The coordinator must formally notify termination to the JU (see Article 52) and inform the beneficiary concerned.

If the coordinator's participation is terminated without its agreement, the formal notification must be done by another beneficiary (acting on behalf of the other beneficiaries).

The notification must include:

- the reasons why;
- the opinion of the beneficiary concerned (or proof that this opinion has been requested in writing);
- the date the termination takes effect. This date must be after the notification, and

- a request for amendment (see Article 55), with a proposal for reallocation of the tasks and the estimated budget of the beneficiary concerned (see Annexes 1 and 2) and, if necessary, the addition of one or more new beneficiaries (see Article 56). If termination takes effect after the period set out in Article 3, no request for amendment must be included unless the beneficiary concerned is the coordinator. In this case, the request for amendment must propose a new coordinator.

If this information is not given or if the JU considers that the reasons do not justify termination, the participation will be considered to have been **terminated improperly**.

The termination will **take effect** on the day specified in the notification.

50.2.2 Effects

The coordinator must — within 30 days from when termination takes effect — submit:

(i) a report on the distribution of payments to the beneficiary concerned and

(ii) if termination takes effect during the period set out in Article 3, a '**termination report**' from the beneficiary concerned, for the open reporting period until termination, containing an overview of the progress of the work, an overview of the use of resources, the individual financial statement and, if applicable, the certificate on the financial statement (see Article 20.3 and 20.4).

The information in the termination report must also be included in the periodic report for the next reporting period (see Article 20.3).

If the request for amendment is rejected by the JU (because it calls into question the decision awarding the grant or breaches the principle of equal treatment of applicants), the Agreement may be terminated according to Article 50.3.1(c).

If the request for amendment is accepted by the JU, the Agreement is **amended** to introduce the necessary changes (see Article 55).

The JU will — on the basis of the periodic reports, the termination report and the report on the distribution of payments — **calculate** the amount which is due to the beneficiary and if the (pre-financing and interim) payments received by the beneficiary exceed this amount.

The **amount which is due** is calculated in the following steps:

Step 1 — Application of the reimbursement rate to the eligible costs

The grant amount for the beneficiary is calculated by applying the reimbursement rate(s) to the total eligible costs declared by the beneficiary *[and its linked third parties]* in the termination report and approved by the JU.

Only costs incurred by the beneficiary concerned until termination takes effect are eligible (see Article 6). Costs relating to contracts due for execution only after termination are not eligible.

Step 2 — Reduction due to substantial errors, irregularities or fraud or serious breach of obligations

In case of a reduction (see Article 43), the JU will calculate the reduced grant amount for the beneficiary by deducting the amount of the reduction (calculated in proportion to the seriousness of the errors, irregularities or fraud or breach of obligations, in accordance with Article 43.2) from the grant amount for the beneficiary.

If the payments received **exceed the amounts due**:

- if termination takes effect during the period set out in Article 3 and the request for amendment is accepted, the beneficiary concerned must repay to the coordinator the amount unduly received. The JU will formally notify the amount unduly received and request the beneficiary concerned to repay it to the coordinator within 30 days of receiving notification. If it does not repay the coordinator, the JU will draw upon the Guarantee Fund to pay the coordinator and then notify a **debit note** on behalf of the Guarantee Fund to the beneficiary concerned (see Article 44);

- in all other cases (in particular if termination takes effect after the period set out in Article 3), the JU will formally notify a **debit note** to the beneficiary concerned. If payment is not made by the date in the debit note, the Guarantee Fund will pay to the JU the amount due and the JU will notify a debit note on behalf of the Guarantee Fund to the beneficiary concerned (see Article 44);

- if the beneficiary concerned is the former coordinator, it must repay the new coordinator the amount unduly received, unless:

  - termination takes effect after an interim payment and

  - the former coordinator has not distributed amounts received as pre-financing or interim payments (see Article 21.7).

  In this case, the JU will formally notify a **debit note** to the former coordinator. If payment is not made by the date in the debit note, the Guarantee Fund will pay to the JU the amount due. The JU will then pay the new coordinator and notify a debit note on behalf of the Guarantee Fund to the former coordinator (see Article 44).

If the payments received **do not exceed the amounts due**: amounts owed to the beneficiary concerned will be included in the next interim or final payment.

If the JU does not receive the termination report within the deadline (see above), only costs included in an approved periodic report will be taken into account.

If the JU does not receive the report on the distribution of payments within the deadline (see above), it will consider that:

- the coordinator did not distribute any payment to the beneficiary concerned and that

- the beneficiary concerned must not repay any amount to the coordinator.

Improper termination may lead to a reduction of the grant (see Article 43) or termination of the Agreement (see Article 50).

After termination, the concerned beneficiary's obligations (in particular Articles 20, 22, 23, Section 3 of Chapter 4, 36, 37, 38, 40, 42, 43 and 44) continue to apply.

50.3 Termination of the Agreement or the participation of one or more beneficiaries, by the JU

50.3.1 Conditions

The JU may terminate the Agreement or the participation of one or more beneficiaries, if:

(a) one or more beneficiaries do not accede to the Agreement (see Article 56);

(b) a change to their legal, financial, technical, organisational or ownership situation *[(or those of its linked third parties)]* is likely to substantially affect or delay the implementation of the action or calls into question the decision to award the grant;

(c) following termination of participation for one or more beneficiaries (see above), the necessary changes to the Agreement would call into question the decision awarding the grant or breach the principle of equal treatment of applicants (see Article 55);

(d) implementation of the action is prevented by force majeure (see Article 51) or suspended by the coordinator (see Article 49.1) and either:

  (i) resumption is impossible, or

  (ii) the necessary changes to the Agreement would call into question the decision awarding the grant or breach the principle of equal treatment of applicants;

(e) a beneficiary is declared bankrupt, being wound up, having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, or is subject to any other similar proceedings or procedures under national law;

(f) a beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has been found guilty of professional misconduct, proven by any means;

(g) a beneficiary does not comply with the applicable national law on taxes and social security;

(h) the action has lost scientific or technological relevance;

(i) ***[OPTION 1 for joint actions (joint call with a third country or an international organisation)****: the third country or international organisation action (see Article 2) has not started by the date specified in Annex 1****][OPTION 2:*** *not applicable****]***;

(j) ***[OPTION 1 for joint actions (joint call with a third country or an international organisation)****: the third country or international organisation action (see Article 2) is terminated or can no longer contribute to the action****][OPTION 2:*** *not applicable****]***;

(k) a beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed fraud, corruption, or is involved in a criminal organisation, money laundering or any other illegal activity;

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

(i) substantial errors, irregularities or fraud or

(ii) 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);

(m) a beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed — in other JU, 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 (**extension of findings from other grants to this grant**; see Article 22.5.2);

(n) ***[OPTION 1:*** despite a specific request by the JU, a beneficiary does not request — through the coordinator — an amendment to the Agreement to end the participation of one of its linked third parties or international partners that is in one of the situations under points (e), (f), (g), (k), (l) or (m) and to reallocate its tasks***] [OPTION 2****: not applicable****]***.

50.3.2 Procedure

Before terminating the Agreement or participation of one or more beneficiaries, the JU will formally notify the coordinator or beneficiary concerned:

- informing it of its intention to terminate and the reasons why and

- inviting it, within 30 days of receiving notification, to submit observations and — in case of Point (l.ii) above — to inform the JU of the measures to ensure compliance with the obligations under the Agreement.

If the JU does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify to the coordinator or beneficiary

concerned **confirmation** of the termination and the date it will take effect. Otherwise, it will formally notify that the procedure is not continued.

The termination will **take effect**:

- for terminations under Points (b), (c), (e), (g), (h), (j), (l.ii) and (n) above: on the day specified in the notification of the confirmation (see above);

- for terminations under Points (a), (d), (f), (i), (k), (l.i) and (m) above: on the day after the notification of the confirmation is received.

50.3.3 Effects

(a) for **termination of the Agreement**:

The coordinator must — within 60 days from when termination takes effect — submit:

(i) a periodic report (for the last open reporting period until termination; see Article 20.3) and

(ii) a final report (see Article 20.4).

If the Agreement is terminated for breach of the obligation to submit reports (see Articles 20.8 and 50.3.1(l)), the coordinator may not submit any reports after termination.

If the JU does not receive the reports within the deadline (see above), only costs which are included in an approved periodic report will be taken into account.

The JU will **calculate** the final grant amount (see Article 5.3) and the balance (see Article 21.4) on the basis of the reports submitted. Only costs incurred until termination takes effect are eligible (see Article 6). Costs relating to contracts due for execution only after termination are not eligible.

This does not affect the JU's right to reduce the grant (see Article 43) or to impose administrative sanctions (Article 45).

The beneficiaries may not claim damages due to termination by the JU (see Article 46).

After termination, the beneficiaries' obligations (in particular Articles 20, 22, 23, Section 3 of Chapter 4, 36, 37, 38, 40, 42, 43 and 44) continue to apply.

(b) for **termination of the participation of one or more beneficiaries**:

The coordinator must — within 60 days from when termination takes effect — submit:

(i) a report on the distribution of payments to the beneficiary concerned;

(ii) a request for amendment (see Article 55), with a proposal for reallocation of the tasks and estimated budget of the beneficiary concerned (see Annexes 1 and 2)

and, if necessary, the addition of one or more new beneficiaries (see Article 56). If termination is notified after the period set out in Article 3, no request for amendment must be submitted unless the beneficiary concerned is the coordinator. In this case the request for amendment must propose a new coordinator, and

(iii) if termination takes effect during the period set out in Article 3, a **termination report** from the beneficiary concerned, for the open reporting period until termination, containing an overview of the progress of the work, an overview of the use of resources, the individual financial statement and, if applicable, the certificate on the financial statement (see Article 20).

The information in the termination report must also be included in the periodic report for the next reporting period (see Article 20.3).

If the request for amendment is rejected by the JU (because it calls into question the decision awarding the grant or breaches the principle of equal treatment of applicants), the Agreement may be terminated according to Article 50.3.1(c).

If the request for amendment is accepted by the JU, the Agreement is **amended** to introduce the necessary changes (see Article 55).

The JU will — on the basis of the periodic reports, the termination report and the report on the distribution of payments — **calculate** the amount which is due to the beneficiary and if the (pre-financing and interim) payments received by the beneficiary exceed this amount.

The **amount which is due** is calculated in the following steps:

Step 1 — Application of the reimbursement rate to the eligible costs

The grant amount for the beneficiary is calculated by applying the reimbursement rate(s) to the total eligible costs declared by the beneficiary *[and its linked third parties]* in the termination report and approved by the JU.

Only costs incurred by the beneficiary concerned until termination takes effect are eligible (see Article 6). Costs relating to contracts due for execution only after termination are not eligible.

Step 2 — Reduction due to substantial errors, irregularities or fraud or serious breach of obligations

In case of a reduction (see Article 43), the JU will calculate the reduced grant amount for the beneficiary by deducting the amount of the reduction (calculated in proportion to the seriousness of the errors, irregularities or fraud or breach of obligations, in accordance with Article 43.2) from the grant amount for the beneficiary.

If the payments received **exceed the amounts due**:

- if termination takes effect during the period set out in Article 3 and the request for amendment is accepted, the beneficiary concerned must repay to the coordinator the amount unduly received. The JU will formally notify the amount unduly received and request the beneficiary concerned to repay it to the coordinator within 30 days of receiving notification. If it does not repay the coordinator, the JU will draw upon the Guarantee Fund to pay the coordinator and then notify a debit note on behalf of the Guarantee Fund to the beneficiary concerned (see Article 44);

- in all other cases, in particular if termination takes effect after the period set out in Article 3, the JU will formally notify a **debit note** to the beneficiary concerned. If payment is not made by the date in the debit note, the Guarantee Fund will pay to the JU the amount due and the JU will notify a debit note on behalf of the Guarantee Fund to the beneficiary concerned (see Article 44);

- if the beneficiary concerned is the former coordinator, it must repay the new coordinator the amount unduly received, unless:

  - termination takes effect after an interim payment and

  - the former coordinator has not distributed amounts received as pre-financing or interim payments (see Article 21.7)

  In this case, the JU will formally notify a **debit note** to the former coordinator. If payment is not made by the date in the debit note, the Guarantee Fund will pay to the JU the amount due. The JU will then pay the new coordinator and notify a debit note on behalf of the Guarantee Fund to the former coordinator (see Article 44).

If the payments received **do not exceed the amounts due**: amounts owed to the beneficiary concerned will be included in the next interim or final payment.

If the JU does not receive the termination report within the deadline (see above), only costs included in an approved periodic report will be taken into account.

If the JU does not receive the report on the distribution of payments within the deadline (see above), it will consider that:

- the coordinator did not distribute any payment to the beneficiary concerned, and that

- the beneficiary concerned must not repay any amount to the coordinator.

After termination, the concerned beneficiary's obligations (in particular Articles 20, 22, 23, Section 3 of Chapter 4, 36, 37, 38, 40, 42, 43 and 44) continue to apply.

SECTION 4 FORCE MAJEURE

ARTICLE 51 — 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 52 — COMMUNICATION BETWEEN THE PARTIES

52.1 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.

All communication must be made through the Participant Portal **electronic** exchange system and using the forms and templates provided there.

If — after the payment of the balance — the JU finds that a formal notification was not accessed, a second formal notification will be made by registered post with proof of delivery ('formal notification on **paper**'). Deadlines will be calculated from the moment of the second notification.

Communications in the electronic exchange system must be made by persons authorised according to the Participant Portal Terms & Conditions. For naming the authorised persons, each beneficiary must have designated — before the signature of this Agreement — a 'legal entity appointed representative (LEAR)'. The role and tasks of the LEAR are stipulated in his/her appointment letter (see Participant Portal Terms & Conditions).

If the electronic exchange system is temporarily unavailable, instructions will be given on the JU and Commission websites.

52.2 Date of communication

Communications are considered to have been made when they are sent by the sending party (i.e. on the date and time they are sent through the electronic exchange system).

Formal notifications through the **electronic** exchange system are considered to have been made when they are received by the receiving party (i.e. on the date and time of acceptance by the receiving party, as indicated by the time stamp). A formal notification that has not been accepted within 10 days after sending is considered to have been accepted.

Formal notifications **on paper** sent by **registered post** with proof of delivery (only after the payment of the balance) are considered to have been made on either:

- the delivery date registered by the postal service or
- the deadline for collection at the post office.

If the electronic exchange system is temporarily unavailable, the sending party cannot be considered in breach of its obligation to send a communication within a specified deadline.

52.3 Addresses for communication

The **electronic** exchange system must be accessed via the following URL:

[insert URL]

The JU will formally notify the coordinator and beneficiaries in advance any changes to this URL.

Formal notifications on paper (only after the payment of the balance) addressed **to the JU** must be sent to the official mailing address indicated on the JU's website.

Formal notifications on paper (only after the payment of the balance) addressed **to the beneficiaries** must be sent to their legal address as specified in the Participant Portal Beneficiary Register.

ARTICLE 53 — INTERPRETATION OF THE AGREEMENT

53.1 Precedence of the Terms and Conditions over the Annexes

The provisions in the Terms and Conditions of the Agreement take precedence over its Annexes.

Annex 2 takes precedence over Annex 1.

53.2 Privileges and immunities

[OPTION 1 for all international organisations: *Nothing in the Agreement may be interpreted as a waiver of any privileges or immunities accorded to the [insert name of international organisation(s)] by its constituent documents or international law.**]***

[OPTION 2: *Not applicable**]***

ARTICLE 54 — CALCULATION OF PERIODS, DATES AND DEADLINES

In accordance with Regulation No 1182/71[51], periods expressed in days, months or years are calculated from the moment the triggering event occurs.

The day during which that event occurs is not considered as falling within the period.

[51] Regulation (EEC, Euratom) No 1182/71 of the Council of 3 June 1971 determining the rules applicable to periods, dates and time-limits (OJ L 124, 8.6.1971, p. 1).

ARTICLE 55 — AMENDMENTS TO THE AGREEMENT

55.1 Conditions

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.

55.2 Procedure

The party requesting an amendment must submit a request for amendment signed in the electronic exchange system (see Article 52).

The coordinator submits and receives requests for amendment on behalf of the beneficiaries (see Annex 3).

If a change of coordinator is requested without its agreement, the submission must be done by another beneficiary (acting on behalf of the other beneficiaries).

The request for amendment must include:

- the reasons why;
- the appropriate supporting documents, and
- for a change of coordinator without its agreement: the opinion of the coordinator (or proof that this opinion has been requested in writing).

The JU may request additional information.

If the party receiving the request agrees, it must sign the amendment in the electronic exchange system within 45 days of receiving notification (or any additional information the JU has requested). 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 56 — ACCESSION TO THE AGREEMENT

56.1 Accession of the beneficiaries mentioned in the Preamble

The other beneficiaries must accede to the Agreement by signing the Accession Form (see Annex 3) in the electronic exchange system (see Article 52) within 30 days after its entry into force (see Article 58) ***[OPTION if Article 14 applies and joint and several liability has been requested:*** *and for beneficiaries for which the JU has requested joint and several liability of a linked third party, by also submitting — at accession — a declaration on joint and several liability (see Annex 3a) signed by the third party.****]***

They will assume the rights and obligations under the Agreement with effect from the date of its entry into force (see Article 58).

If a beneficiary does not accede to the Agreement within the above deadline, the coordinator must — within 30 days — request an amendment to make any changes necessary to ensure proper implementation of the action. This does not affect the JU's right to terminate the Agreement (see Article 50).

56.2 Addition of new beneficiaries

In justified cases, the beneficiaries may request the addition of a new beneficiary.

For this purpose, the coordinator must submit a request for amendment in accordance with Article 55. It must include an Accession Form (see Annex 3) signed by the new beneficiary in the electronic exchange system (see Article 52).

New beneficiaries must assume the rights and obligations under the Agreement with effect from the date of their accession specified in the Accession Form (see Annex 3).

ARTICLE 57 — APPLICABLE LAW AND SETTLEMENT OF DISPUTES

57.1 Applicable law

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

[additional OPTION for international organisations that do not accept any applicable law clause: *As an exception, there is no applicable law for [insert name(s) of the international organisations concerned]****]****.*

[additional OPTION for international organisations that would accept an applicable law clause, but not the standard clause (EU + Belgian law): *As an exception, the Agreement is governed by a different applicable law for the following beneficiaries:*

- *[insert name(s) of the international organisations concerned]: [by the applicable EU law][, supplemented if necessary]****[****by the law of [Belgium][insert name of another Member State or EFTA country]****]****[and, where appropriate,][by the general principles governing the law of international organisations and the rules of general international law]*
- *insert name(s) of the international organisations concerned]: [by the applicable EU law][, supplemented if necessary]****[****by the law of [Belgium][insert name of another Member State or EFTA country]****]****[and, where appropriate,][by the general principles*

governing the law of international organisations and the rules of general international law]

[same for other international organisations].]

57.2 Dispute settlement

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).

***[additional OPTION for non-EU beneficiaries (except beneficiaries established in an associated country with an association agreement to Horizon 2020 that stipulates sole jurisdiction of the European Court of Justice)**: As an exception, if such a dispute is between the JU and [insert non-EU beneficiary(ies) name(s)], the competent Belgian courts have sole jurisdiction.]*

***[additional OPTION for international organisations and for beneficiaries not receiving JU funding because not eligible for JU funding (see Article 9) which according to their national law cannot be subject to the jurisdiction of the Belgian courts:** As an exception, for the following beneficiaries:*

- *[insert name of international organisation or beneficiary not eligible for JU funding]*
- *[insert name of international organisation or beneficiary not eligible for JU funding]*

[same for other beneficiaries that are international organisations or beneficiaries not eligible for JU funding]

such disputes must — if they cannot be settled amicably — be referred to arbitration. Each party must formally notify to the other party its intention of resorting to arbitration and the identity of the arbitrator. The Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of entry into force of the Agreement will apply. The appointing authority will be the Secretary-General of the Permanent Court of Arbitration following a written request submitted by either party. The arbitration proceedings must take place in Brussels and the language used in the arbitral proceedings will be English. The arbitral award will be binding on all parties and will not be subject to appeal.]

If a dispute concerns administrative sanctions or offsetting, 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 58 — ENTRY INTO FORCE OF THE AGREEMENT

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

SIGNATURES

For the coordinator

[function/forename/surname]
[electronic signature]

Done in [English] on [electronic time stamp]

For the JU

[forename/surname]
[electronic signature]

Done in [English] on [electronic time stamp]

ⓘ print format A4 landscape

MODEL ANNEX 2 for IMI2 JU Model Grant Agreement

ESTIMATED BUDGET FOR THE ACTION

	Estimated eligible[1] costs (per budget category)												JU contribution			Additional information		
	A. Direct personnel costs				B. Direct costs of subcontracting	*[C. Direct costs of fin. support]*	D. Other direct costs		E. Indirect costs[2]	*[F. Costs of …]*		Total costs	Reimbursement rate %	Maximum JU contribution[3]	Maximum grant amount[4]	Information for indirect costs :	Information for auditors:	Other information:
	A.1 Employees (or equivalent) A.2 Natural persons under direct contract A.3 Seconded persons *[A.6 Personnel for providing access to research infrastructure]*		A.4 SME owners without salary A.5 Not applicable			*[C.1 Financial support]* *[C.2 Prizes]*	D.1 Travel D.2 Equipment D.3 Other goods and services *[D.4 Costs of large research infrastructure]*	D.5 Costs of internally invoiced goods and services		*[F.1 Costs of …]*[5]	*[F.2 Costs of …]*[5]					Estimated costs of in-kind contributions not used on premises	Declaration of costs under Point D.4	Estimated costs of beneficiaries/ linked third parties not receiving JU funding/international partners
Form of costs[6]	Actual	Unit[7]	Unit[8]		Actual	Actual	Actual	Unit[9]	Flat-rate[10] 25%	Unit[11]		*[Unit][Lump sum]*[12]						
	a	Total b	No hours	Total c	d	*[e]*	f	Total g	h = 0,25 x (a+b+c+f+g+*[i1]*[13]+*[i2]*[13] -n)	No units	Total *[i1]*	Total *[i2]*	j = a+b+c+d+*[e]* +f+g+h+ *[i1]* +*[i2]*	k	l	m	n	Yes/No	
1 [short name beneficiary]																		
[short name linked third party]																		
[short name linked third party not eligible for JU funding]																		
[short name linked third party requesting zero JU funding]																		
[short name international partner]																		
Total beneficiary																		
2 [short name beneficiary]																		
[short name linked third party]																		
Total beneficiary																		
X [short name beneficiary not eligible for JU funding][14]																		

X [short name beneficiary requesting zero JU funding][14]																			
[short name linked third party][15]																			
Total beneficiary																			
Total consortium																			

[1] See Article 6 for the eligibility conditions - beneficiaries not receiving a JU financial contribution that are constituent or affiliated entities of Members other than the Union or of Associated Partners shall determine the costs in accordance with the usual cost accounting practices of the entities concerned, to the applicable accounting standards of the country where the entity is established, and to the applicable International Accounting Standards and International Financial Reporting Standards.

[2] Indirect costs already covered by an operating grant (received under any EU or Euratom funding programme; see Article 6.5.(b)) are ineligible under the GA. Therefore, a beneficiary/linked third party that receives an operating grant during the action's duration cannot declare indirect costs for the year(s)/reporting period(s) covered by the operating grant, unless it can demonstrate that the operating grant does not cover any costs of the action (see Article 6.2.E).

[3] This is the *theoretical* amount of JU contribution that the system calculates automatically (by multiplying all the budgeted costs by the reimbursement rate). This *theoretical* amount is capped by the 'maximum grant amount' (that the JU decided to grant for the action) (see Article 5.1).

[4] The 'maximum grant amount' is the maximum grant amount decided by the JU. It normally corresponds to the requested grant, but may be lower.

[5] Depending on its type, this specific cost category will or will not cover indirect costs. Specific unit costs that include indirect costs are: costs for energy efficiency measures in buildings, access costs for providing trans-national access to research infrastructure and costs for clinical studies.

[6] See Article 5 for the forms of costs - beneficiaries not receiving a JU financial contribution that are constituent or affiliated entities of Members other than the Union or of Associated Partners shall determine the costs in accordance with the usual cost accounting practices of the entities concerned, to the applicable accounting standards of the country where the entity is established, and to the applicable International Accounting Standards and International Financial Reporting Standards.

[7] Unit : hours worked on the action; costs per unit (hourly rate) : calculated according to the beneficiary's usual accounting practice.

[8] See Annex 2a 'Additional information on the estimated budget' for the details (costs per hour (hourly rate)).

[9] Unit and costs per unit : calculated according to the beneficiary's usual accounting practices.

[10] Flat rate : 25% of eligible direct costs, from which are excluded: direct costs of subcontracting, costs of in-kind contributions not used on premises, direct costs of financial support, and unit costs declared under budget category F if they include indirect costs (see Article 6.2.E).

[11] See Annex 2a 'Additional information on the estimated budget' for the details (units, costs per unit).

[12] See Annex 2a 'Additional information on the estimated budget' for the details (units, costs per unit, estimated number of units, etc).

[13] Only specific unit costs that do not include indirect costs .

[14] See Article 9 for beneficiaries not receiving JU funding .

[15] Only for linked third parties that receive JU funding.

ANNEX 2a

ADDITIONAL INFORMATION ON THE ESTIMATED BUDGET

- **Instructions and footnotes in blue will not appear in the text generated by the IT system (since they are internal instructions only).**
- **For options *[*in square brackets*]*: the applicable option will be chosen by the IT system. Options not chosen will automatically not appear.**
- **For fields in [grey in square brackets] (even if they are part of an option as specified in the previous item): IT system will enter the appropriate data.**

Unit cost for SME owners without salary

1. Costs for a SME owner not receiving a salary

Units: hours worked on the action

Amount per unit ('hourly rate'): calculated according to the following formula[52]:

{{ EUR 4,880 / 143 hours}
multiplied by
{country-specific correction coefficient of the country where the beneficiary is established}

Country-specific correction coefficient (in force at the time of the call):

EU Member States

country	coefficient	country	coefficient	country	coefficient	country	coefficient	country	coefficient
AT	106.7%	DK	135.0%	HR	83.9%	LV	77.7%	SE	121.8%
BE	100.0%	EE	79.4%	HU	77.4%	MT	84.4%	SI	86.1%
BG	62.0%	EL	88.7%	IE	115.6%	NL	107.9%	SK	80.4%
CY	82.6%	ES	95.4%	IT	104.4%	PL	75.5%	UK	139.83%
CZ	81.78%	FI	120.8%	LT	72.5%	PT	84.2%		
DE	97.0%	FR	115.7%	LU	100.0%	RO	68.8%		

H2020 associated countries

country	coefficient	country	coefficient	country	coefficient	country	coefficient
AL	65.3%	FO	135.0%	MD	62.01%	RS	67.3%
AM	75.4%	GE	75.3%	ME	64.8%	TN	67.5%
BA	69.0%	IL	106.1%	MK	60.0%	TR	82.1%
CH	121.2%	IS	115.3%	NO	130.6%	UA	70.8%

Other countries

country	coefficient	country	coefficient	country	coefficient	country	coefficient	country	coefficient
AE	91.5%	CR	82.1%	JP	105.5%	NC	117.2%	TD	117.8%

[52] New amounts per unit and country coefficients will apply only for calls under the Work Plans covering the years 2018, 2019 and 2020.

AO	128.1%	CU	78.6%	KE	81.5%	NE	84.8%	TG	84.4%
AR	65.6%	CV	71.7%	KG	80.3%	NG	92.6%	TH	71.6%
AU	104.4%	DJ	86.5%	KH	74.5%	NI	56.5%	TJ	62.2%
AZ	88.3%	DO	62.9%	KM	69.1%	NP	77.0%	TL	89.4%
BB	112.5%	DZ	74.0%	KR	97.6%	NZ	99.4%	TM	63.4%
BD	61.1%	EC	75.5%	KZ	81.9%	PA	63.2%	TO	85.0%
BF	96.6%	EG	57.9%	LA	89.2%	PE	80.2%	TT	81.0%
BI	74.2%	ER	98.9%	LB	86.3%	PG	101.5%	TW	82.7%
BJ	97.0%	ET	85.1%	LI	121.2%	PH	73.4%	TZ	65.4%
BM	151.5%	FJ	68.1%	LK	69.9%	PK	51.9%	UG	70.5%
BO	67.5%	GA	107.8%	LR	111.1%	PS	110.8%	US	99.1%
BR	97.9%	GH	64.1%	LS	48.3%	PY	69.0%	UY	84.3%
BW	51.7%	GM	69.0%	LY	57.6%	RU	105.4%	UZ	66.5%
BY	59.5%	GN	73.7%	MA	75.4%	RW	82.5%	VE	90.2%
BZ	77.0%	GT	82.6%	MG	86.0%	SA	80.8%	VN	53.3%
CA	87.8%	GW	96.6%	ML	94.4%	SB	107.4%	VU	108.0%
CD	137.4%	GY	62.2%	MM	65.5%	SD	99.7%	WS	83.0%
CF	108.6%	HK	100.4%	MR	62.5%	SG	113.0%	XK	65.5%
CG	120.6%	HN	73.4%	MU	74.4%	SL	106.8%	YE	81.1%
CI	98.3%	HT	94.6%	MW	68.0%	SN	94.7%	ZA	50.8%
CL	58.9%	ID	69.8%	MX	67.1%	SR	56.0%	ZM	77.4%
CM	96.0%	IN	63.4%	MY	68.8%	SV	69.6%	ZW	91.8%
CN	91.7%	JM	92.0%	MZ	71.5%	SY	77.2%		
CO	77.9%	JO	86.5%	NA	61.4%	SZ	53.5%		

[additional OPTION for beneficiaries/linked third parties that have opted to use the unit cost (in the proposal/with an amendment): For the following beneficiaries/linked third parties, the amounts per unit (hourly rate) are fixed as follows:

- Beneficiary/linked third party [short name]: EUR [insert amount]
- Beneficiary/linked third party [short name]: EUR [insert amount]

[same for other beneficiaries/linked third parties, if necessary] *]*

Estimated number of units: see Annex 2

Energy efficiency measures unit cost

[OPTION if specific unit cost applicable to the grant: 2. Costs for energy efficiency measures in buildings

Unit: m^2 of eligible 'conditioned' (i.e. built or refurbished) floor area

Amount per unit*: see (for each beneficiary/linked third party and BEST table) the 'unit cost table' attached

* Amount calculated as follows:
{EUR 0.1 x estimated total kWh saved per m^2 per year x 10}

Estimated number of units: see (for each beneficiary/linked third party and BEST table) the 'unit cost table' attached

Unit cost table (energy efficiency measures unit cost)[53]

Short name beneficiary/linked	BEST No	Cost Amount per	Estimated No of	Total unit cost (cost per unit x

[53] Data from the 'building energy specification table (BEST)' that is part of the proposal and Annex 1.

third party		unit	units	estimated no of units)

]

Research infrastructure unit cost

[OPTION if specific unit cost applicable to the grant: 3. Access costs for providing trans-national access to research infrastructure

Units[54]: see (for each access provider and installation) the 'unit cost table' attached

Amount per unit*: see (for each access provider and installation) the 'unit cost table' attached

* Amount calculated as follows:

$$\frac{\text{average annual total access cost to the installation (over past two years[55])}}{\text{average annual total quantity of access to the installation (over past two years[56])}}$$

Estimated number of units: see (for each access provider and installation) the 'unit cost table' attached

Unit cost table (access to research infrastructure unit cost)[57]

Short name access provider	Short name infrastructure	Installation		Unit of access	Amount per unit	Estimated No of units	Total unit cost (cost per unit x estimated no of units)
		No	Short name				

]

Clinical studies unit cost

[OPTION if specific unit cost is applicable to the grant: 4. Costs for clinical studies

Units: patients/subjects that participate in the clinical study

Amount per unit*: see (for each sequence (if any), clinical study and beneficiary/linked third party) the 'unit cost table' attached

[54] Unit of access (e.g. beam hours, weeks of access, sample analysis) fixed by the access provider in proposal.

[55] In exceptional and duly justified cases, the Commission may agree to a different reference period.

[56] In exceptional and duly justified cases, the Commission may agree to a different reference period.

[57] Data from the 'table on estimated costs/quantity of access to be provided' that is part of the proposal and Annex 1.

Estimated number of units: see (for each clinical study and beneficiary/linked third party) the 'unit cost table' attached

* Amount calculated, for the cost components of each task, as follows:

For **personnel costs**:

For personnel costs of doctors: 'average hourly cost for doctors', i.e.:

{certified or auditable total personnel costs for doctors for year N-1
———————————————————————————————————
{1720 * number of full-time-equivalent for doctors for year N-1}
multiplied by
estimated number of hours to be worked by doctors for the task (per participant)**}**

For personnel costs of other medical personnel: **'**average hourly cost for other medical personnel', i.e.:

{certified or auditable total personnel costs for other medical personnel for year N-1
———————————————————————————————————
{1720 * number of full-time-equivalent for other medical personnel for year N-1}
multiplied by
estimated number of hours to be worked by other medical personnel for the task (per participant)**}**

For personnel costs of technical personnel: **'**average hourly cost for technical personnel', i.e.:

{certified or auditable total personnel costs for technical personnel for year N-1
———————————————————————————————————
{1720 * number of full-time-equivalent for technical personnel for year N-1}
multiplied by
estimated number of hours to be worked by technical personnel for the task (per participant)**}**

'total personnel costs' means actual salaries + actual social security contributions + actual taxes and other costs included in the remuneration, provided they arise from national law or the employment contract/equivalent appointing act

For **consumables**:

For each cost item: 'average price of the consumable', i.e.:

{{certified or auditable total costs of purchase of the consumable in year N-1
———————————————————————————————————
total number of items purchased in year N-1}
multiplied by
estimated number of items to be used for the task (per participant)**}**

'total costs of purchase of the consumable' means total value of the supply contracts (including related duties, taxes and charges such as non-deductible VAT) concluded by the beneficiary for the consumable delivered in year N-1, provided the contracts were awarded according to the principle of best value- for-money and without any conflict of interests

For **medical equipment**:

For each cost item: 'average cost of depreciation and directly related services per unit of use', i.e.:

{{ certified or auditable total depreciation costs in year N-1 + certified or auditable total costs of purchase of services in year N-1 for the category of equipment concerned}
———————————————————————————————————
total capacity in year N-1
multiplied by
estimated number of units of use of the equipment for the task (per participant)**}**

'total depreciation costs' means total depreciation allowances as recorded in the beneficiary's accounts of year N-1 for the category of equipment concerned, provided the equipment was purchased according to the principle of best value for money and without any conflict of interests + total costs of renting or leasing contracts (including related duties, taxes and charges such as non-deductible VAT) in year N-1 for the category of equipment concerned, provided they do not exceed the depreciation costs of similar equipment and do not include finance fees

For **services**:

For each cost item: 'average cost of the service per study participant', i.e.:

{certified or auditable total costs of purchase of the service in year N-1
———————————————————————————————————
total number of patients or subjects included in the clinical studies for which the service was delivered in year N-1**}**

'total costs of purchase of the service' means total value of the contracts concluded by the beneficiary (including related duties, taxes and charges such as non-deductible VAT) for the specific service delivered in year N-1 for the conduct of clinical studies, provided the contracts were awarded according to the principle of best value for money and without any conflict of interests

For **indirect costs**:

{{{cost component 'personnel costs' + cost component 'consumables' + cost component 'medical equipment'}

minus

{costs of in-kind contributions provided by third parties which are not used on the beneficiary's premises + costs of providing financial support to third parties (if any)}**}**

multiplied by

25%**}**

The estimation of the resources to be used must be done on the basis of the study protocol and must be the same for all beneficiaries/linked third parties/third parties involved.

The year N-1 to be used is the last closed financial year at the time of submission of the grant application.

Unit cost table: clinical studies unit cost[58]

Task, Direct cost categories	**Resource per patient**	**Costs year N-1 Beneficiary 1 [short name]**	**Costs year N-1 Linked third party 1a [short name]**	**Costs year N-1 Beneficiary 2 [short name]**	**Costs year N-1 Linked third party 2a [short name]**	**Costs year N-1 Third party giving in-kind contributions 1 [short name]**
Sequence No. 1						
Task No. 1 Blood sample						
(a) **Personnel costs:** - Doctors	n/a					
- Other Medical Personnel	Phlebotomy (nurse), 10 minutes	8,33 EUR	11,59 EUR	10,30 EUR	11,00 EUR	9,49 EUR
- Technical Personnel	Sample Processing (lab technician), 15 minutes	9,51 EUR	15,68 EUR	14,60 EUR	15,23 EUR	10,78 EUR
(b) **Costs of consumables**:	Syringe	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
	Cannula	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
	Blood container	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR

[58] Same table as in proposal and Annex 1.

(c) **Costs of medical equipment**:	Use of -80° deep freezer, 60 days	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
	Use of centrifuge, 15 minutes	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
(d) **Costs of services**	Cleaning of XXX	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
(e) **Indirect costs** (25% flat-rate)		XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
Task No. 2						
…						
Amount per unit (unit cost sequence 1):		**XX EUR**	**XX EUR**	**XX EUR**	**XX EUR**	**XX EUR**
Sequence No. 2						
Task No. 1 XXX						
(a) **Personnel costs:** - Doctors	XXX	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
- Other Medical Personnel	XXX	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
- Technical Personnel	XXX	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
(b) **Costs of consumables**:	XXX	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
	XXX	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
	XXX	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
(c) **Costs of medical equipment**:	XXX	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
	XXX	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
(d) **Costs of services**	XXX	XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
(e) **Indirect costs** (25% flat-rate)		XX EUR	XX EUR	XX EUR	XX EUR	XX EUR
Task No. 2						
…						
Amount per unit (unit cost sequence 2):		**XX EUR**	**XX EUR**	**XX EUR**	**XX EUR**	**XX EUR**
…						
Amount per unit (unit cost entire study):		**XX EUR**	**XX EUR**	**XX EUR**	**XX EUR**	**XX EUR**

]

ANNEX 3

ACCESSION FORM FOR BENEFICIARIES

[**Full official name of the beneficiary/new beneficiary/new coordinator (short name)**], established in [official address in full], *[**OPTION for beneficiaries with VAT:** VAT number [insert number],]* ('the beneficiary' or 'the coordinator'), represented for the purpose of signing this Accession Form by [forename and surname, function],

hereby agrees

to become *[beneficiary][coordinator]* No [insert beneficiary no]

in Grant Agreement No [insert agreement number] ('the Agreement')

between [full official name of the coordinator] **and** the Innovative Medicines Initiative 2 Joint Undertaking ("the JU"),

for the action entitled [insert title of the action (insert acronym)].

[OPTION for beneficiaries/new beneficiaries: and mandates

the coordinator** to submit and sign in its name and on its behalf any **amendments** to the Agreement, in accordance with Article 55.**]

By signing this Accession Form, the beneficiary accepts the grant and agrees to *[**OPTION: for new coordinators:** take on the obligations and role of coordinator and to]* implement it in accordance with the Agreement, with all the obligations and conditions it sets out ***[OPTION for new beneficiaries:,** as from [insert date][the date of signature of the Accession Form][the date of entry into force of the amendment] (**'accession date'**) [**additional OPTION for change of beneficiary due to partial takeover:**, and with joint and several liability for undue amounts paid to [insert short name of former beneficiary] (i.e. recoveries)] — if the JU agrees with the request for amendment**]**.

SIGNATURE

For the beneficiary/new beneficiary/new coordinator:
[function/forename/surname]
[electronic signature]

Done in [English] on [electronic time stamp]

ANNEX 3a

DECLARATION ON JOINT AND SEVERAL LIABILITY OF LINKED THIRD PARTIES

(to be filled by the linked third party and submitted by the beneficiary, if Article 14 applies and linked third party liability has been requested by the JU)

[**full official name of the entity affiliated or linked to the beneficiary (short name)**] , established in [official address in full], ***[OPTION for linked third parties with VAT:*** *VAT number [insert number]]* ('the linked third party'), represented for the purpose of signing this Declaration on joint and several liability by its legal representative(s) [forename and surname, function of the legal representative(s) of the linked third party],

linked to beneficiary No [insert number] [full official name of the beneficiary (short name)], established in [official address in full], ***[OPTION for beneficiaries with VAT:*** *VAT number [insert number]]* ('the beneficiary'),

hereby accepts joint and several liability with the beneficiary

for any amount owed to the JU by the beneficiary under Grant Agreement No [insert agreement number] [(insert acronym)], up to the maximum JU contribution indicated, for the linked third party, in the estimated budget (see Annex 2).

The linked third party irrevocably and unconditionally agrees to pay amounts requested under this Declaration to the JU, immediately and at first demand.

For the linked third party
[forename/surname/function]

signature

Done in English at [place], on [date]

ⓘ print format A4 landscape

MODEL ANNEX 4 for IMI2 JU Model Grant Agreement

FINANCIAL STATEMENT FOR *[BENEFICIARY [name]/ LINKED THIRD PARTY [name]]* FOR REPORTING PERIOD [reporting period]

	Eligible[1] costs (per budget category)													Receipts	JU contribution			Additional information
	A. Direct personnel costs				B. Direct costs of subcontracting	*[C. Direct costs of fin. support]*	D. Other direct costs			E. Indirect costs[2]	*[F. Costs of …]*		Total costs	Receipts	Reimbursement rate %	Maximum JU contribution[3]	Requested JU contribution	Information for indirect costs :
	A.1 Employees (or equivalent) A.2 Natural persons under direct contract A.3 Seconded persons *[A.6 Personnel for providing access to research infrastructure]*		A.4 SME owners without salary A.5 Not applicable			*[C.1 Financial support]* *[C.2 Prizes]*	D.1 Travel D.2 Equipment D.3 Other goods and services	*[D.4 Costs of large research infrastructure]*	D.5 Costs of internally invoiced goods and services		*[F.1 Costs of …]*	*[F.2 Costs of …]*		Receipts of the action, to be reported in the last reporting period, according to Article 5.3.3				Costs of in-kind contributions not used on premises
Form of costs[4]	Actual	Unit	Unit		Actual	Actual	Actual	Actual	Unit	Flat-rate[5] 25%	Unit		*[Unit][Lump sum]*					
	a	Total b	No hours	Total c	d	*[e]*	f	*[g]*	Total h	i=0,25 x (a+b+ c+f+*[g]* + h+ *[j1]*[6] +*[j2]*[6] -p)	No units	Total *[j1]*	Total *[j2]*	k = a+b+c+d+*[e]* +f +*[g]* +h+ i + *[j1]* +*[j2]*	l	m	n	o	p
[short name beneficiary/linked third party]																		

The beneficiary/linked third party hereby confirms that:

The information provided is complete, reliable and true.

The costs declared are eligible (see Article 6).

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 (see Articles 17, 18 and 22).

For the last reporting period: that all the receipts have been declared (see Article 5.3.3).

ⓘ Please declare all eligible costs, even if they exceed the amounts indicated in the estimated budget (see Annex 2). Only amounts that were declared in your individual financial statements can be taken into account later on, in order to replace other costs that are found to be ineligible.

[1] See Article 6 for the eligibility conditions.

[2] The indirect costs claimed must be free of any amounts covered by an operating grant (received under any EU or Euratom funding programme; see Article 6.2.E). If you have received an operating grant during this reporting period, you cannot claim indirect costs unless you can demonstrate that the operating grant does not cover any costs of the action.

[3] This is the *theoretical* amount of JU contribution that the system calculates automatically (by multiplying the reimbursement rate by the total costs declared). The amount you request (in the column 'requested JU contribution') may be less.

[4] See Article 5 for the forms of costs.

[5] Flat rate : 25% of eligible direct costs, from which are excluded: direct costs of subcontracting, costs of in-kind contributions not used on premises, direct costs of financial support, and unit costs declared under budget category F if they include indirect costs (see Article 6.2.E).

[6] Only specific unit costs that do not include indirect costs.

ANNEX 5

MODEL FOR THE CERTIFICATE ON THE FINANCIAL STATEMENTS

- **For options [*in italics in square brackets*]: choose the applicable option. Options not chosen should be deleted.**
- **For fields in [grey in square brackets]: enter the appropriate data**

TABLE OF CONTENTS

TERMS OF REFERENCE FOR AN INDEPENDENT REPORT OF FACTUAL FINDINGS ON COSTS DECLARED UNDER A GRANT AGREEMENT FINANCED UNDER THE HORIZON 2020 RESEARCH FRAMEWORK PROGRAMME

INDEPENDENT REPORT OF FACTUAL FINDINGS ON COSTS DECLARED UNDER A GRANT AGREEMENT FINANCED UNDER THE HORIZON 2020 RESEARCH FRAMEWORK PROGRAMME

Terms of Reference for an Independent Report of Factual Findings on costs declared under a Grant Agreement financed by Innovative Medicines Initiative 2 JU under the Horizon 2020 Research and Innovation Framework Programme

This document sets out the '**Terms of Reference (ToR)**' under which

[OPTION 1: [insert name of the beneficiary] ('the Beneficiary')] [OPTION 2: [insert name of the linked third party] ('the Linked Third Party'), third party linked to the Beneficiary [insert name of the beneficiary] ('the Beneficiary')]

agrees to engage

[**insert legal name of the auditor**] ('the Auditor')

to produce an independent report of factual findings ('the Report') concerning the Financial Statement(s)[1] drawn up by the *[Beneficiary] [Linked Third Party]* for the Horizon 2020 grant agreement [insert number of the grant agreement, title of the action, acronym and duration from/to] ('the Agreement'), and

to issue a Certificate on the Financial Statements' ('CFS') referred to in Article 20.4 of the Agreement based on the compulsory reporting template stipulated by the European Commission ('the Commission').

The Agreement has been concluded under the Horizon 2020 Research and Innovation Framework Programme (H2020) between the Beneficiary and the Innovative Medicines Initiative 2 Joint Undertaking ("the JU").

The JU is mentioned as a signatory of the Agreement with the Beneficiary only. The JU is not a party to this engagement.

1.1 Subject of the engagement

The coordinator must submit to the JU the final report within 60 days following the end of the last reporting period which should include, amongst other documents, a CFS for each beneficiary and for each linked third party that requests a total contribution of EUR 325 000 or more, as reimbursement of actual costs and unit costs calculated on the basis of its usual cost accounting practices (see Article 20.4 of the Agreement). The CFS must cover all reporting periods of the beneficiary or linked third party indicated above.

The Beneficiary must submit to the coordinator the CFS for itself and for its linked third party(ies), if the CFS must be included in the final report according to Article 20.4 of the Agreement.

The CFS is composed of two separate documents:

- The Terms of Reference ('the ToR') to be signed by the *[Beneficiary] [Linked Third Party]* and the Auditor;
- The Auditor's Independent Report of Factual Findings ('the Report') to be issued on the Auditor's letterhead, dated, stamped and signed by the Auditor (or the competent public officer) which includes the agreed-upon procedures ('the Procedures') to be performed by the Auditor, and the standard factual findings ('the Findings') to be confirmed by the Auditor.

[1] By which costs under the Agreement are declared (see template 'Model Financial Statements' in Annex 4 to the Grant Agreement).

If the CFS must be included in the final report according to Article 20.4 of the Agreement, the request for payment of the balance relating to the Agreement cannot be made without the CFS. However, the payment for reimbursement of costs covered by the CFS does not preclude the JU, the Commission, the European Anti-Fraud Office and the European Court of Auditors from carrying out checks, reviews, audits and investigations in accordance with Article 22 of the Agreement.

1.2 Responsibilities

The *[Beneficiary] [Linked Third Party]:*

- must draw up the Financial Statement(s) for the action financed by the Agreement in compliance with the obligations under the Agreement. The Financial Statement(s) must be drawn up according to the *[Beneficiary's] [Linked Third Party's]* accounting and book-keeping system and the underlying accounts and records;
- must send the Financial Statement(s) to the Auditor;
- is responsible and liable for the accuracy of the Financial Statement(s);
- is responsible for the completeness and accuracy of the information provided to enable the Auditor to carry out the Procedures. It must provide the Auditor with a written representation letter supporting these statements. The written representation letter must state the period covered by the statements and must be dated;
- accepts that the Auditor cannot carry out the Procedures unless it is given full access to the *[Beneficiary's] [Linked Third Party's]* staff and accounting as well as any other relevant records and documentation.

The Auditor:

- *[Option 1 by default:* is qualified to carry out statutory audits of accounting documents in accordance with Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC or similar national regulations*]*.
- *[Option 2 if the Beneficiary or Linked Third Party has an independent Public Officer:* is a competent and independent Public Officer for which the relevant national authorities have established the legal capacity to audit the Beneficiary*]*.
- *[Option 3 if the Beneficiary or Linked Third Party is an international organisation:* is an [internal] [external] auditor in accordance with the internal financial regulations and procedures of the international organisation*]*.

The Auditor:

- must be independent from the Beneficiary *[and the Linked Third Party]*, in particular, it must not have been involved in preparing the *[Beneficiary's] [Linked Third Party's]* Financial Statement(s);
- must plan work so that the Procedures may be carried out and the Findings may be assessed;
- must adhere to the Procedures laid down and the compulsory report format;
- must carry out the engagement in accordance with this ToR;
- must document matters which are important to support the Report;
- must base its Report on the evidence gathered;
- must submit the Report to the *[Beneficiary] [Linked Third Party]*.

The Commission sets out the Procedures to be carried out by the Auditor. The Auditor is not responsible for their suitability or pertinence. As this engagement is not an assurance engagement, the Auditor does not provide an audit opinion or a statement of assurance.

1.3 Applicable Standards

The Auditor must comply with these Terms of Reference and with[2]:

- the International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as issued by the International Auditing and Assurance Standards Board (IAASB);
- the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA). Although ISRS 4400 states that independence is not a requirement for engagements to carry out agreed-upon procedures, the JU requires that the Auditor also complies with the Code's independence requirements.

The Auditor's Report must state that there is no conflict of interests in establishing this Report between the Auditor and the Beneficiary *[and the Linked Third Party]*, and must specify - if the service is invoiced - the total fee paid to the Auditor for providing the Report.

1.4 Reporting

The Report must be written in the language of the Agreement (see Article 20.7).

Under Article 22 of the Agreement, the JU, the Commission, the European Anti-Fraud Office and the Court of Auditors have the right to audit any work that is carried out under the action and for which costs are declared from the European Union budget. This includes work related to this engagement. The Auditor must provide access to all working papers (e.g. recalculation of hourly rates, verification of the time declared for the action) related to this assignment if the JU, the Commission, the European Anti-Fraud Office or the European Court of Auditors requests them.

1.5 Timing

The Report must be provided by *[*dd Month yyyy*]*.

1.6 Other terms

[*The [Beneficiary] [Linked Third Party] and the Auditor can use this section to agree other specific terms, such as the Auditor's fees, liability, applicable law, etc. Those specific terms must not contradict the terms specified above.*]

[legal name of the Auditor]	[legal name of the *[Beneficiary][Linked Third Party]*]
[name & function of authorised representative]	[name & function of authorised representative]
[dd Month yyyy]	[dd Month yyyy]
Signature of the Auditor	Signature of the *[Beneficiary][Linked Third Party]*

[2] Supreme Audit Institutions applying INTOSAI-standards may carry out the Procedures according to the corresponding International Standards of Supreme Audit Institutions and code of ethics issued by INTOSAI instead of the International Standard on Related Services ('ISRS') 4400 and the Code of Ethics for Professional Accountants issued by the IAASB and the IESBA.

Independent Report of Factual Findings on costs declared under a grant agreement financed by the Innovative Medicines Initiative 2 JU under the Horizon 2020 Research and Innovation Framework Programme

(To be printed on the Auditor's letterhead)

To
[name of contact person(s)], [Position]
[[*Beneficiary's*] [*Linked Third Party's*] name]
[Address]
[dd Month yyyy]

Dear [Name of contact person(s)],

As agreed under the terms of reference dated [dd Month yyyy]

with *[OPTION 1: [insert name of the beneficiary] ('the Beneficiary')] [OPTION 2: [insert name of the linked third party] ('the Linked Third Party'), third party linked to the Beneficiary [insert name of the beneficiary] ('the Beneficiary')],*

we

[name of the auditor] ('the Auditor'),

established at

[full address/city/state/province/country],

represented by

[name and function of an authorised representative],

have carried out the procedures agreed with you regarding the costs declared in the Financial Statement(s)[3] of the *[Beneficiary] [Linked Third Party]* concerning the grant agreement [insert grant agreement reference: number, title of the action and acronym] ('the Agreement'),

with a total cost declared of
[total amount] EUR,

and a total of actual costs and unit costs calculated in accordance with the [*Beneficiary's*] [*Linked Third Party's*] usual cost accounting practices' declared of

[sum of total actual costs and total direct personnel costs declared as unit costs calculated in accordance with the *[Beneficiary's] [Linked Third Party's]* usual cost accounting practices] EUR

and **hereby provide our Independent Report of Factual Findings ('the Report')** using the compulsory report format agreed with you.

The Report

Our engagement was carried out in accordance with the terms of reference ('the ToR') appended to this Report. The Report includes the agreed-upon procedures ('the Procedures') carried out and the standard factual findings ('the Findings') examined.

[3] By which the Beneficiary declares costs under the Agreement (see template 'Model Financial Statement' in Annex 4 to the Agreement).

The Procedures were carried out solely to assist the JU in evaluating whether the [*Beneficiary's*] [*Linked Third Party's*] costs in the accompanying Financial Statement(s) were declared in accordance with the Agreement. The JU draws its own conclusions from the Report and any additional information it may require.

The scope of the Procedures was defined by the European Commission ('the Commission'). Therefore, the Auditor is not responsible for their suitability or pertinence. Since the Procedures carried out constitute neither an audit nor a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, the Auditor does not give a statement of assurance on the Financial Statements.

Had the Auditor carried out additional procedures or an audit of the *[Beneficiary's] [Linked Third Party's]* Financial Statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to its attention and would have been included in the Report.

Not applicable Findings

We examined the Financial Statement(s) stated above and considered the following Findings not applicable:

Explanation (to be removed from the Report):

*If a Finding was not applicable, it must be marked as '**N.A.**' ('Not applicable') in the corresponding row on the right-hand column of the table and means that the Finding did not have to be corroborated by the Auditor and the related Procedure(s) did not have to be carried out.*

The reasons of the non-application of a certain Finding must be obvious i.e.

i) if no cost was declared under a certain category then the related Finding(s) and Procedure(s) are not applicable;

ii) if the condition set to apply certain Procedure(s) are not met the related Finding(s) and those Procedure(s) are not applicable. For instance, for 'beneficiaries with accounts established in a currency other than euro' the Procedure and Finding related to 'beneficiaries with accounts established in euro' are not applicable. Similarly, if no additional remuneration is paid, the related Finding(s) and Procedure(s) for additional remuneration are not applicable.

List here all Findings considered not applicable for the present engagement and explain the reasons of the non-applicability.

….

Exceptions

Apart from the exceptions listed below, the *[Beneficiary] [Linked Third Party]* provided the Auditor all the documentation and accounting information needed by the Auditor to carry out the requested Procedures and evaluate the Findings.

Explanation (to be removed from the Report):

- *If the Auditor was not able to successfully complete a procedure requested, it must be marked as '**E**' ('Exception') in the corresponding row on the right-hand column of the table. The reason such as the inability to reconcile key information or the unavailability of data that prevents the Auditor from carrying out the Procedure must be indicated below.*
- *If the Auditor cannot corroborate a standard finding after having carried out the corresponding procedure, it must also be marked as '**E**' ('Exception') and, where possible, the reasons why the Finding was not fulfilled and its possible impact must be explained here below.*

List here any exceptions and add any information on the cause and possible consequences of each exception, if known. If the exception is quantifiable, include the corresponding amount.

…. *Example (to be removed from the Report):* 1. *The Beneficiary was unable to substantiate the Finding number 1 on … because ….* 2. *Finding number 30 was not fulfilled because the methodology used by the Beneficiary to calculate unit costs was different from the one approved by the Commission. The differences were as follows: …* 3. *After carrying out the agreed procedures to confirm the Finding number 31, the Auditor found a difference of _____ EUR. The difference can be explained by …*

Further Remarks

In addition to reporting on the results of the specific procedures carried out, the Auditor would like to make the following general remarks:

Example (to be removed from the Report):

1. *Regarding Finding number 8 the conditions for additional remuneration were considered as fulfilled because …*
2. *In order to be able to confirm the Finding number 15 we carried out the following additional procedures: ….*

Use of this Report

This Report may be used only for the purpose described in the above objective. It was prepared solely for the confidential use of the *[Beneficiary] [Linked Third Party]*, the JU and the Commission, and only to be submitted to the JU in connection with the requirements set out in Article 20.4 of the Agreement. The Report may not be used by the *[Beneficiary] [Linked Third Party]*, by the JU or the Commission for any other purpose, nor may it be distributed to any other parties. The JU or the Commission may only disclose the Report to authorised parties, in particular to the European Anti-Fraud Office (OLAF) and the European Court of Auditors.

This Report relates only to the Financial Statement(s) submitted to the JU by the *[Beneficiary] [Linked Third Party]* for the Agreement. Therefore, it does not extend to any other of the [*Beneficiary's*] [*Linked Third Party's*] Financial Statement(s).

There was no conflict of interest[4] between the Auditor and the Beneficiary *[and Linked Third Party]* in establishing this Report. The total fee paid to the Auditor for providing the Report was EUR _____ (including EUR_____ of deductible VAT).

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance.

[legal name of the Auditor]
[name and function of an authorised representative]
[dd Month yyyy]
Signature of the Auditor

[4] A conflict of interest arises when the Auditor's objectivity to establish the certificate is compromised in fact or in appearance when the Auditor for instance:
- was involved in the preparation of the Financial Statements;
- stands to benefit directly should the certificate be accepted;
- has a close relationship with any person representing the beneficiary;
- is a director, trustee or partner of the beneficiary; or
- is in any other situation that compromises his or her independence or ability to establish the certificate impartially.

Agreed-upon procedures to be performed and standard factual findings to be confirmed by the Auditor

The European Commission ('the Commission') reserves the right to i) provide the auditor with additional guidance regarding the procedures to be followed or the facts to be ascertained and the way in which to present them (this may include sample coverage and findings) or to ii) change the procedures, by notifying the Beneficiary in writing. The procedures carried out by the auditor to confirm the standard factual finding are listed in the table below.

If this certificate relates to a Linked Third Party, any reference here below to 'the Beneficiary' is to be considered as a reference to 'the Linked Third Party'.

The 'result' column has three different options: 'C', 'E' and 'N.A.':

- 'C' stands for 'confirmed' and means that the auditor can confirm the 'standard factual finding' and, therefore, there is no exception to be reported.
- 'E' stands for 'exception' and means that the Auditor carried out the procedures but cannot confirm the 'standard factual finding', or that the Auditor was not able to carry out a specific procedure (e.g. because it was impossible to reconcile key information or data were unavailable),
- 'N.A.' stands for 'not applicable' and means that the Finding did not have to be examined by the Auditor and the related Procedure(s) did not have to be carried out. The reasons of the non-application of a certain Finding must be obvious i.e. i) if no cost was declared under a certain category then the related Finding(s) and Procedure(s) are not applicable; ii) if the condition set to apply certain Procedure(s) are not met then the related Finding(s) and Procedure(s) are not applicable. For instance, for 'beneficiaries with accounts established in a currency other than the euro' the Procedure related to 'beneficiaries with accounts established in euro' is not applicable. Similarly, if no additional remuneration is paid, the related Finding(s) and Procedure(s) for additional remuneration are not applicable.

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
A	**ACTUAL PERSONNEL COSTS AND UNIT COSTS CALCULATED BY THE BENEFICIARY IN ACCORDANCE WITH ITS USUAL COST ACCOUNTING PRACTICE**		
	The Auditor draws a sample of persons whose costs were declared in the Financial Statement(s) to carry out the procedures indicated in the consecutive points of this section A. (*The sample should be selected randomly so that it is representative. Full coverage is required if there are fewer than 10 people (including employees, natural persons working under a direct contract and personnel seconded by a third party), otherwise the sample should have a minimum of 10 people, or 10% of the total, whichever number is the highest)* The Auditor sampled _____ people out of the total of _____ people.		

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
A.1	**PERSONNEL COSTS** For the persons included in the sample and working under an employment contract or equivalent act (general procedures for individual actual personnel costs and personnel costs declared as unit costs) To confirm standard factual findings 1-5 listed in the next column, the Auditor reviewed following information/documents provided by the Beneficiary: o a list of the persons included in the sample indicating the period(s) during which they worked for the action, their position (classification or category) and type of contract; o the payslips of the employees included in the sample; o reconciliation of the personnel costs declared in the Financial Statement(s) with the accounting system (project accounting and general ledger) and payroll system; o information concerning the employment status and employment conditions of personnel included in the sample, in particular their employment contracts or equivalent; o the Beneficiary's usual policy regarding payroll matters (e.g. salary policy, overtime policy, variable pay); o applicable national law on taxes, labour and social security and o any other document that supports the personnel costs declared. The Auditor also verified the eligibility of all components of the retribution (see Article 6 GA) and recalculated the personnel costs for employees included in the sample.	1) The employees were i) directly hired by the Beneficiary in accordance with its national legislation, ii) under the Beneficiary's sole technical supervision and responsibility and iii) remunerated in accordance with the Beneficiary's usual practices.	
		2) Personnel costs were recorded in the Beneficiary's accounts/payroll system.	
		3) Costs were adequately supported and reconciled with the accounts and payroll records.	
		4) Personnel costs did not contain any ineligible elements.	
		5) There were no discrepancies between the personnel costs charged to the action and the costs recalculated by the Auditor.	
	Further procedures if 'additional remuneration' is paid To confirm standard factual findings 6-9 listed in the next column, the Auditor: o reviewed relevant documents provided by the Beneficiary (legal form, legal/statutory	6) The Beneficiary paying "additional remuneration" was a non-profit legal entity.	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	obligations, the Beneficiary's usual policy on additional remuneration, criteria used for its calculation, the Beneficiary's usual remuneration practice for projects funded under national funding schemes …); o recalculated the amount of additional remuneration eligible for the action based on the supporting documents received (full-time or part-time work, exclusive or non-exclusive dedication to the action, usual remuneration paid for projects funded by national schemes) to arrive at the applicable FTE/year and pro-rata rate (see data collected in the course of carrying out the procedures under A.2 'Productive hours' and A.4 'Time recording system'). *'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.* *IF ANY PART OF THE REMUNERATION PAID TO THE EMPLOYEE IS QUALIFIED AS "ADDITIONAL REMUNERATION" AND IS ELIGIBLE UNDER THE PROVISIONS OF ARTICLE 6.2.A.1, THIS CAN BE CHARGED AS ELIGIBLE COST TO THE ACTION UP TO THE FOLLOWING AMOUNT:* *(A) IF THE PERSON WORKS FULL TIME AND EXCLUSIVELY ON THE ACTION DURING THE FULL YEAR: UP TO EUR 8 000/YEAR;* *(B) 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* *(C) IF THE PERSON DOES NOT WORK EXCLUSIVELY ON THE ACTION: UP TO A PRO-RATA AMOUNT CALCULATED IN ACCORDANCE TO ARTICLE 6.2.A.1.*	7) The amount of additional remuneration paid corresponded to the Beneficiary's usual remuneration practices and was consistently paid whenever the same kind of work or expertise was required. 8) The criteria used to calculate the additional remuneration were objective and generally applied by the Beneficiary regardless of the source of funding used. 9) The amount of additional remuneration included in the personnel costs charged to the action was capped at EUR 8,000 per FTE/year (up to the equivalent pro-rata amount if the person did not work on the action full-time during the year or did not work exclusively on the action).	
	Additional procedures in case "unit costs calculated by the Beneficiary in accordance with its usual cost accounting practices" is applied: Apart from carrying out the procedures indicated above to confirm standard factual findings 1-5 and, if applicable, also 6-9, the Auditor carried out following procedures to confirm standard	10) The personnel costs included in the Financial Statement were calculated in accordance with the Beneficiary's usual cost accounting practice. This	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	factual findings 10-13 listed in the next column: o obtained a description of the Beneficiary's usual cost accounting practice to calculate unit costs;. o reviewed whether the Beneficiary's usual cost accounting practice was applied for the Financial Statements subject of the present CFS; o verified the employees included in the sample were charged under the correct category (in accordance with the criteria used by the Beneficiary to establish personnel categories) by reviewing the contract/HR-record or analytical accounting records; o verified that there is no difference between the total amount of personnel costs used in calculating the cost per unit and the total amount of personnel costs recorded in the statutory accounts; o verified whether actual personnel costs were adjusted on the basis of budgeted or estimated elements and, if so, verified whether those elements used are actually relevant for the calculation, objective and supported by documents.	methodology was consistently used in all H2020 actions.	
		11) The employees were charged under the correct category.	
		12) Total personnel costs used in calculating the unit costs were consistent with the expenses recorded in the statutory accounts.	
		13) Any estimated or budgeted element used by the Beneficiary in its unit-cost calculation were relevant for calculating personnel costs and corresponded to objective and verifiable information.	
	<u>For natural persons included in the sample and working with the Beneficiary under a direct contract other than an employment contract, such as consultants (no subcontractors).</u> To confirm standard factual findings 14-17 listed in the next column the Auditor reviewed following information/documents provided by the Beneficiary: o the contracts, especially the cost, contract duration, work description, place of work, ownership of the results and reporting obligations to the Beneficiary; o the employment conditions of staff in the same category to compare costs and; o any other document that supports the costs declared and its registration (e.g. invoices, accounting records, etc.).	14) The natural persons worked 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.	
		15) The results of work carried out belong to the Beneficiary, or, if not, the Beneficiary has	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
		obtained all necessary rights to fulfil its obligations as if those results were generated by itself.	
		16) Their costs were not significantly different from those for staff who performed similar tasks under an employment contract with the Beneficiary.	
		17) The costs were supported by audit evidence and registered in the accounts.	
	<u>For personnel seconded by a third party and included in the sample (not subcontractors)</u> To confirm standard factual findings 18-21 listed in the next column, the Auditor reviewed following information/documents provided by the Beneficiary: o their secondment contract(s) notably regarding costs, duration, work description, place of work and ownership of the results; o if there is reimbursement by the Beneficiary to the third party for the resource made available (in-kind contribution against payment): any documentation that supports the costs declared (e.g. contract, invoice, bank payment, and proof of registration in its accounting/payroll, etc.) and reconciliation of the Financial Statement(s) with the accounting system (project accounting and general ledger) as well as any proof that the amount invoiced by the third party did not include any profit; o if there is no reimbursement by the Beneficiary to the third party for the resource made available (in-kind contribution free of charge): a proof of the actual cost borne by the Third Party for the resource made available free of charge to the Beneficiary such as a	18) Seconded personnel reported to the Beneficiary and worked on the Beneficiary's premises (unless otherwise agreed with the Beneficiary).	
		19) The results of work carried out belong to the Beneficiary, or, if not, the Beneficiary has obtained all necessary rights to fulfil its obligations as if those results were generated by itself.	
		If personnel is seconded against payment: 20) The costs declared were supported with documentation	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	statement of costs incurred by the Third Party and proof of the registration in the Third Party's accounting/payroll; o any other document that supports the costs declared (e.g. invoices, etc.).	and recorded in the Beneficiary's accounts. The third party did not include any profit.	
		If personnel is seconded free of charge: 21) The costs declared did not exceed the third party's cost as recorded in the accounts of the third party and were supported with documentation.	
A.2	**PRODUCTIVE HOURS** To confirm standard factual findings 22-27 listed in the next column, the Auditor reviewed relevant documents, especially national legislation, labour agreements and contracts and time records of the persons included in the sample, to verify that: o the annual productive hours applied were calculated in accordance with one of the methods described below, o the full-time equivalent (FTEs) ratios for employees not working full-time were correctly calculated. If the Beneficiary applied method B, the auditor verified that the correctness in which the total number of hours worked was calculated and that the contracts specified the annual workable hours. If the Beneficiary applied method C, the auditor verified that the 'annual productive hours' applied when calculating the hourly rate were equivalent to at least 90 % of the 'standard annual	22) The Beneficiary applied method [*choose one option and delete the others*] [**A**: 1720 hours] [**B**: the 'total number of hours worked'] [**C**: 'standard annual productive hours' used correspond to usual accounting practices]	
		23) Productive hours were calculated annually.	
		24) For employees not working full-time the full-time equivalent (FTE) ratio was	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	workable hours'. The Auditor can only do this if the calculation of the standard annual workable hours can be supported by records, such as national legislation, labour agreements, and contracts.	correctly applied.	
	BENEFICIARY'S PRODUCTIVE HOURS' FOR PERSONS WORKING FULL TIME SHALL BE ONE OF THE FOLLOWING METHODS: **A.** *1720 ANNUAL PRODUCTIVE HOURS (PRO-RATA FOR PERSONS NOT WORKING FULL-TIME)* **B.** *THE TOTAL NUMBER OF HOURS WORKED BY THE PERSON FOR THE BENEFICIARY IN THE YEAR (THIS METHOD IS ALSO REFERRED TO AS 'TOTAL NUMBER OF HOURS WORKED' IN THE NEXT COLUMN). THE CALCULATION OF THE TOTAL NUMBER OF HOURS WORKED WAS DONE AS FOLLOWS: ANNUAL WORKABLE HOURS OF THE PERSON ACCORDING TO THE EMPLOYMENT CONTRACT, APPLICABLE LABOUR AGREEMENT OR NATIONAL LAW PLUS OVERTIME WORKED MINUS ABSENCES (SUCH AS SICK LEAVE OR SPECIAL LEAVE).* **C.** *THE STANDARD NUMBER OF ANNUAL HOURS GENERALLY APPLIED BY THE BENEFICIARY FOR ITS PERSONNEL IN ACCORDANCE WITH ITS USUAL COST ACCOUNTING PRACTICES (THIS METHOD IS ALSO REFERRED TO AS 'STANDARD ANNUAL PRODUCTIVE HOURS' IN THE NEXT COLUMN). THIS NUMBER MUST BE AT LEAST 90% OF THE STANDARD ANNUAL WORKABLE HOURS.*	*If the Beneficiary applied method B.* 25) The calculation of the number of 'annual workable hours', overtime and absences was verifiable based on the documents provided by the Beneficiary. 25.1) The Beneficiary calculates the hourly rates per full financial year following procedure A.3 (method B is not allowed for beneficiaries calculating hourly rates per month).	
	'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 Beneficiary applied method C.* 26) The calculation of the number of 'standard annual workable hours' was verifiable based on the documents provided by the Beneficiary.	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
		27) The 'annual productive hours' used for calculating the hourly rate were consistent with the usual cost accounting practices of the Beneficiary and were equivalent to at least 90 % of the 'annual workable hours'.	
A.3	**HOURLY PERSONNEL RATES** I) For unit costs calculated in accordance to the Beneficiary's usual cost accounting practice (unit costs): If the Beneficiary has a "Certificate on Methodology to calculate unit costs " (CoMUC) approved by the Commission, the Beneficiary provides the Auditor with a description of the approved methodology and the Commission's letter of acceptance. The Auditor verified that the Beneficiary has indeed used the methodology approved. If so, no further verification is necessary. If the Beneficiary does not have a "Certificate on Methodology" (CoMUC) approved by the Commission, or if the methodology approved was not applied, then the Auditor: o reviewed the documentation provided by the Beneficiary, including manuals and internal guidelines that explain how to calculate hourly rates; o recalculated the unit costs (hourly rates) of staff included in the sample following the results of the procedures carried out in A.1 and A.2. II) For individual hourly rates: The Auditor: o reviewed the documentation provided by the Beneficiary, including manuals and internal guidelines that explain how to calculate hourly rates; o recalculated the hourly rates of staff included in the sample (recalculation of all hourly	28) The Beneficiary applied [*choose one option and delete the other*]: [Option I: "Unit costs (hourly rates) were calculated in accordance with the Beneficiary's usual cost accounting practices"] [Option II: Individual hourly rates were applied]	
		For option I concerning unit costs and if the Beneficiary applies the methodology approved by the Commission (CoMUC): 29) The Beneficiary used the Commission-approved methodology to calculate hourly rates. It corresponded to the organisation's usual cost accounting practices and was applied consistently for all	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	rates if the Beneficiary uses annual rates, recalculation of three months selected randomly for every year and person if the Beneficiary uses monthly rates) following the results of the procedures carried out in A.1 and A.2; o (only in case of monthly rates) confirmed that the time spent on parental leave is not deducted, and that, if parts of the basic remuneration are generated over a period longer than a month, the Beneficiary has included only the share which is generated in the month. *"UNIT COSTS CALCULATED BY THE BENEFICIARY IN ACCORDANCE WITH ITS USUAL COST ACCOUNTING PRACTICES":* *IT IS CALCULATED BY DIVIDING THE TOTAL AMOUNT OF PERSONNEL COSTS OF THE CATEGORY TO WHICH THE EMPLOYEE BELONGS VERIFIED IN LINE WITH PROCEDURE A.1 BY THE NUMBER OF FTE AND THE ANNUAL TOTAL PRODUCTIVE HOURS OF THE SAME CATEGORY CALCULATED BY THE BENEFICIARY IN ACCORDANCE WITH PROCEDURE A.2.* *HOURLY RATE FOR INDIVIDUAL ACTUAL PERSONAL COSTS:* *IT IS CALCULATED FOLLOWING ONE OF THE TWO OPTIONS BELOW:* *A) [OPTION BY DEFAULT] BY DIVIDING THE ACTUAL ANNUAL AMOUNT OF PERSONNEL COSTS OF AN EMPLOYEE VERIFIED IN LINE WITH PROCEDURE A.1 BY THE NUMBER OF ANNUAL PRODUCTIVE HOURS VERIFIED IN LINE WITH PROCEDURE A.2 (FULL FINANCIAL YEAR HOURLY RATE);* *B) BY DIVIDING THE ACTUAL MONTHLY AMOUNT OF PERSONNEL COSTS OF AN EMPLOYEE VERIFIED IN LINE WITH PROCEDURE A.1 BY 1/12 OF THE NUMBER OF ANNUAL PRODUCTIVE HOURS VERIFIED IN LINE WITH PROCEDURE A.2.(MONTHLY HOURLY RATE).*	activities irrespective of the source of funding.	
		For option I concerning unit costs and if the Beneficiary applies a methodology not approved by the Commission: 30) The unit costs re-calculated by the Auditor were the same as the rates applied by the Beneficiary.	
		For option II concerning individual hourly rates: 31) The individual rates re-calculated by the Auditor were the same as the rates applied by the Beneficiary. 31.1) The Beneficiary used only one option (per full financial year or per month) throughout each financial year examined. 31.2) The hourly rates do not include additional remuneration.	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
A.4	**TIME RECORDING SYSTEM** To verify that the time recording system ensures the fulfilment of all minimum requirements and that the hours declared for the action were correct, accurate and properly authorised and supported by documentation, the Auditor made the following checks for the persons included in the sample that declare time as worked for the action on the basis of time records: o description of the time recording system provided by the Beneficiary (registration, authorisation, processing in the HR-system); o its actual implementation; o time records were signed at least monthly by the employees (on paper or electronically) and authorised by the project manager or another manager; o the hours declared were worked within the project period; o there were no hours declared as worked for the action if HR-records showed absence due to holidays or sickness (further cross-checks with travels are carried out in B.1 below) ; o the hours charged to the action matched those in the time recording system. *ONLY THE HOURS WORKED ON THE ACTION CAN BE CHARGED. ALL WORKING TIME TO BE CHARGED SHOULD BE RECORDED THROUGHOUT THE DURATION OF THE PROJECT, ADEQUATELY SUPPORTED BY EVIDENCE OF THEIR REALITY AND RELIABILITY (SEE SPECIFIC PROVISIONS BELOW FOR PERSONS WORKING EXCLUSIVELY FOR THE ACTION WITHOUT TIME RECORDS).*	32) All persons recorded their time dedicated to the action on a **daily/ weekly/ monthly** basis using a **paper/computer-based** system. (*delete the answers that are not applicable)*	
		33) Their time-records were authorised at least monthly by the project manager or other superior.	
		34) Hours declared were worked within the project period and were consistent with the presences/absences recorded in HR-records.	
		35) There were no discrepancies between the number of hours charged to the action and the number of hours recorded.	
	<u>If the persons are working exclusively for the action and without time records</u> For the persons selected that worked exclusively for the action without time records, the Auditor verified evidence available demonstrating that they were in reality exclusively dedicated to the action and that the Beneficiary signed a declaration confirming that they have worked exclusively for the action.	36) The exclusive dedication is supported by a declaration signed by the Beneficiary and by any other evidence gathered.	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
B	**COSTS OF SUBCONTRACTING**		
B.1	**The Auditor obtained the detail/breakdown of subcontracting costs and sampled _____ cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is highest*). To confirm standard factual findings 37-41 listed in the next column, the Auditor reviewed the following for the items included in the sample: o the use of subcontractors was foreseen in Annex 1; o subcontracting costs were declared in the subcontracting category of the Financial Statement; o supporting documents on the selection and award procedure were followed; o the Beneficiary ensured best value for money (key elements to appreciate the respect of this principle are the award of the subcontract to the bid offering best price-quality ratio, under conditions of transparency and equal treatment. In case an existing framework contract was used the Beneficiary ensured it was established on the basis of the principle of best value for money under conditions of transparency and equal treatment). In particular, i. if the Beneficiary acted as a contracting authority within the meaning of Directive 2004/18/EC (or 2014/24/EU) or of Directive 2004/17/EC (or 2014/25/EU), the Auditor verified that the applicable national law on public procurement was followed and that the subcontracting complied with the Terms and Conditions of the Agreement. ii. if the Beneficiary did not fall under the above-mentioned category the Auditor verified that the Beneficiary followed their usual procurement rules and respected the Terms and Conditions of the Agreement..	37) The use of claimed subcontracting costs was foreseen in Annex 1 and costs were declared in the Financial Statements under the subcontracting category.	
		38) There were documents of requests to different providers, different offers and assessment of the offers before selection of the provider in line with internal procedures and procurement rules. Subcontracts were awarded in accordance with the principle of best value for money. *(When different offers were not collected the Auditor explains the reasons provided by the Beneficiary under the caption "Exceptions" of the Report. The JU will analyse this information to evaluate whether these costs might be accepted as eligible)*	
		39) The subcontracts were not	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	For the items included in the sample the Auditor also verified that: o the subcontracts were not awarded to other Beneficiaries in the consortium; o there were signed agreements between the Beneficiary and the subcontractor; o there was evidence that the services were provided by subcontractor;	awarded to other Beneficiaries of the consortium.	
		40) All subcontracts were supported by signed agreements between the Beneficiary and the subcontractor.	
		41) There was evidence that the services were provided by the subcontractors.	
C	**COSTS OF PROVIDING FINANCIAL SUPPORT TO THIRD PARTIES**		
C.1	**The Auditor obtained the detail/breakdown of the costs of providing financial support to third parties and sampled _____ cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is highest*). The Auditor verified that the following minimum conditions were met: a) the maximum amount of financial support for each third party did not exceed EUR 60 000, unless explicitly mentioned in Annex 1; b) the financial support to third parties was agreed in Annex 1 of the Agreement and the other provisions on financial support to third parties included in Annex 1 were respected.	42) All minimum conditions were met	

D	**OTHER ACTUAL DIRECT COSTS**		
D.1	**COSTS OF TRAVEL AND RELATED SUBSISTENCE ALLOWANCES** **The Auditor sampled _____ cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is the highest*). The Auditor inspected the sample and verified that: o travel and subsistence costs were consistent with the Beneficiary's usual policy for travel. In this context, the Beneficiary provided evidence of its normal policy for travel costs (e.g. use of first class tickets, reimbursement by the Beneficiary on the basis of actual costs, a lump sum or per diem) to enable the Auditor to compare the travel costs charged with this policy; o travel costs are correctly identified and allocated to the action (e.g. trips are directly linked to the action) by reviewing relevant supporting documents such as minutes of meetings, workshops or conferences, their registration in the correct project account, their consistency with time records or with the dates/duration of the workshop/conference; o no ineligible costs or excessive or reckless expenditure was declared (see Article 6.5 MGA).	43) Costs were incurred, approved and reimbursed in line with the Beneficiary's usual policy for travels.	
		44) There was a link between the trip and the action.	
		45) The supporting documents were consistent with each other regarding subject of the trip, dates, duration and reconciled with time records and accounting.	
		46) No ineligible costs or excessive or reckless expenditure was declared.	
D.2	**DEPRECIATION COSTS FOR EQUIPMENT, INFRASTRUCTURE OR OTHER ASSETS** **The Auditor sampled _____ cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is the highest*). For "equipment, infrastructure or other assets" [from now on called "asset(s)"] selected in the sample the Auditor verified that: o the assets were acquired in conformity with the Beneficiary's internal guidelines and procedures; o they were correctly allocated to the action (with supporting documents such as delivery	47) Procurement rules, principles and guides were followed.	
		48) There was a link between the grant agreement and the asset charged to the action.	
		49) The asset charged to the action was traceable to the accounting records and the underlying documents.	

	note invoice or any other proof demonstrating the link to the action) o they were entered in the accounting system; o the extent to which the assets were used for the action (as a percentage) was supported by reliable documentation (e.g. usage overview table); The Auditor recalculated the depreciation costs and verified that they were in line with the applicable rules in the Beneficiary's country and with the Beneficiary's usual accounting policy (e.g. depreciation calculated on the acquisition value). The Auditor verified that no ineligible costs such as deductible VAT, exchange rate losses, excessive or reckless expenditure were declared (see Article 6.5 GA).	50) The depreciation method used to charge the asset to the action was in line with the applicable rules of the Beneficiary's country and the Beneficiary's usual accounting policy. 51) The amount charged corresponded to the actual usage for the action. 52) No ineligible costs or excessive or reckless expenditure were declared.	
D.3	**COSTS OF OTHER GOODS AND SERVICES** **The Auditor sampled _____ cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is highest*). For the purchase of goods, works or services included in the sample the Auditor verified that: o the contracts did not cover tasks described in Annex 1; o they were correctly identified, allocated to the proper action, entered in the accounting system (traceable to underlying documents such as purchase orders, invoices and accounting); o the goods were not placed in the inventory of durable equipment; o the costs charged to the action were accounted in line with the Beneficiary's usual accounting practices; o no ineligible costs or excessive or reckless expenditure were declared (see Article 6 GA). In addition, the Auditor verified that these goods and services were acquired in conformity with the Beneficiary's internal guidelines and procedures, in particular: o if Beneficiary acted as a contracting authority within the meaning of Directive	53) Contracts for works or services did not cover tasks described in Annex 1. 54) Costs were allocated to the correct action and the goods were not placed in the inventory of durable equipment. 55) The costs were charged in line with the Beneficiary's accounting policy and were adequately supported. 56) No ineligible costs or excessive or reckless expenditure were declared. For internal invoices/charges only the cost element was charged, without any mark-ups.	

	2004/18/EC (or 2014/24/EU) or of Directive 2004/17/EC (or 2014/25/EU), the Auditor verified that the applicable national law on public procurement was followed and that the procurement contract complied with the Terms and Conditions of the Agreement. o if the Beneficiary did not fall into the category above, the Auditor verified that the Beneficiary followed their usual procurement rules and respected the Terms and Conditions of the Agreement. For the items included in the sample the Auditor also verified that: o the Beneficiary ensured best value for money (key elements to appreciate the respect of this principle are the award of the contract to the bid offering best price-quality ratio, under conditions of transparency and equal treatment. In case an existing framework contract was used the Auditor also verified that the Beneficiary ensured it was established on the basis of the principle of best value for money under conditions of transparency and equal treatment); *SUCH GOODS AND SERVICES INCLUDE, FOR INSTANCE, CONSUMABLES AND SUPPLIES, DISSEMINATION (INCLUDING OPEN ACCESS), PROTECTION OF RESULTS, SPECIFIC EVALUATION OF THE ACTION IF IT IS REQUIRED BY THE AGREEMENT, CERTIFICATES ON THE FINANCIAL STATEMENTS IF THEY ARE REQUIRED BY THE AGREEMENT AND CERTIFICATES ON THE METHODOLOGY, TRANSLATIONS, REPRODUCTION.*	57) Procurement rules, principles and guides were followed. There were documents of requests to different providers, different offers and assessment of the offers before selection of the provider in line with internal procedures and procurement rules. The purchases were made in accordance with the principle of best value for money. *(When different offers were not collected the Auditor explains the reasons provided by the Beneficiary under the caption "Exceptions" of the Report. The JU will analyse this information to evaluate whether these costs might be accepted as eligible)*	
D.4	**AGGREGATED CAPITALISED AND OPERATING COSTS OF RESEARCH INFRASTRUCTURE** The Auditor ensured the existence of a positive ex-ante assessment (issued by the EC Services) of the cost accounting methodology of the Beneficiary allowing it to apply the guidelines on direct costing for large research infrastructures in Horizon 2020. ***In the cases that a positive ex-ante assessment has been issued*** *(see the standard factual findings 58-59 on the next column)**,***	58) The costs declared as direct costs for Large Research Infrastructures (in the appropriate line of the Financial Statement) comply with the methodology described in the positive ex-ante assessment report.	

	The Auditor ensured that the beneficiary has applied consistently the methodology that is explained and approved in the positive ex ante assessment; ***In the cases that a positive ex-ante assessment has NOT been issued*** *(see the standard factual findings 60 on the next column),* The Auditor verified that no costs of Large Research Infrastructure have been charged as direct costs in any costs category; ***In the cases that a draft ex-ante assessment report has been issued with recommendation for further changes*** *(see the standard factual findings 60 on the next column),* • The Auditor followed the same procedure as above (when a positive ex-ante assessment has NOT yet been issued) and paid particular attention (testing reinforced) to the cost items for which the draft ex-ante assessment either rejected the inclusion as direct costs for Large Research Infrastructures or issued recommendations.	59) Any difference between the methodology applied and the one positively assessed was extensively described and adjusted accordingly. 60) The direct costs declared were free from any indirect costs items related to the Large Research Infrastructure.	
D.5	**Costs of internally invoiced goods and services** **The Auditor sampled cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is highest*). To confirm standard factual findings 61-65 listed in the next column, the Auditor: o obtained a description of the Beneficiary's usual cost accounting practice to calculate costs of internally invoiced goods and services (unit costs); o reviewed whether the Beneficiary's usual cost accounting practice was applied for the Financial Statements subject of the present CFS; o ensured that the methodology to calculate unit costs is being used in a consistent manner, based on objective criteria, regardless of the source of funding; o verified that any ineligible items or any costs claimed under other budget categories, in particular indirect costs, have not been taken into account when calculating the costs of internally invoiced goods and services (see Article 6 GA);	61) The costs of internally invoiced goods and services included in the Financial Statement were calculated in accordance with the Beneficiary's usual cost accounting practice. 62) The cost accounting practices used to calculate the costs of internally invoiced goods and services were applied by the Beneficiary in a consistent manner based on objective criteria regardless of the source of funding. 63) The unit cost is calculated using the actual costs for the good or service recorded in the Beneficiary's accounts,	

	○ verified whether actual costs of internally invoiced goods and services were adjusted on the basis of budgeted or estimated elements and, if so, verified whether those elements used are actually relevant for the calculation, and correspond to objective and verifiable information. ○ verified that any costs of items which are not directly linked to the production of the invoiced goods or service (e.g. supporting services like cleaning, general accountancy, administrative support, etc. not directly used for production of the good or service) have not been taken into account when calculating the costs of internally invoiced goods and services. ○ verified that any costs of items used for calculating the costs internally invoiced goods and services are supported by audit evidence and registered in the accounts.	excluding any ineligible cost or costs included in other budget categories. 64) The unit cost excludes any costs of items which are not directly linked to the production of the invoiced goods or service. 65) The costs items used for calculating the actual costs of internally invoiced goods and services were relevant, reasonable and correspond to objective and verifiable information.	
E	**USE OF EXCHANGE RATES**		
E.1	a) For Beneficiaries with accounts established in a currency other than euros **The Auditor sampled _____ cost items selected randomly and verified that the exchange rates used for converting other currencies into euros were in accordance with the following rules established in the Agreement** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is highest)*: *COSTS RECORDED IN THE ACCOUNTS IN A CURRENCY OTHER THAN EURO SHALL BE CONVERTED INTO EURO AT THE AVERAGE OF THE DAILY EXCHANGE RATES PUBLISHED IN THE C SERIES OF OFFICIAL JOURNAL OF THE EUROPEAN UNION (https://www.ecb.int/stats/exchange/eurofxref/html/index.en.html), DETERMINED OVER THE*	66) The exchange rates used to convert other currencies into Euros were in accordance with the rules established of the Grant Agreement and there was no difference in the final figures.	

	CORRESPONDING REPORTING PERIOD. *IF NO DAILY EURO EXCHANGE RATE IS PUBLISHED IN THE OFFICIAL JOURNAL OF THE EUROPEAN UNION FOR THE CURRENCY IN QUESTION, CONVERSION SHALL BE MADE AT THE AVERAGE OF THE MONTHLY ACCOUNTING RATES ESTABLISHED BY THE COMMISSION AND PUBLISHED ON ITS WEBSITE (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm), DETERMINED OVER THE CORRESPONDING REPORTING PERIOD.*		
	b) For Beneficiaries with accounts established in euros **The Auditor sampled _____ cost items selected randomly and verified that the exchange rates used for converting other currencies into euros were in accordance with the following rules established in the Agreement** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is highest)*: *COSTS INCURRED IN ANOTHER CURRENCY SHALL BE CONVERTED INTO EURO BY APPLYING THE BENEFICIARY'S USUAL ACCOUNTING PRACTICES.*	67) The Beneficiary applied its usual accounting practices.	

[legal name of the audit firm]
[name and function of an authorised representative]
[dd Month yyyy]
<Signature of the Auditor>

ANNEX 6

MODEL FOR THE CERTIFICATE ON THE METHODOLOGY

- **For options [*in italics in square brackets*]: choose the applicable option. Options not chosen should be deleted.**
- **For fields in [grey in square brackets]: enter the appropriate data.**

TABLE OF CONTENTS

TERMS OF REFERENCE FOR AN AUDIT ENGAGEMENT FOR A METHODOLOGY CERTIFICATE IN CONNECTION WITH ONE OR MORE GRANT AGREEMENTS FINANCED UNDER THE HORIZON 2020 RESEARCH AND INNOVATION FRAMEWORK PROGRAMME

INDEPENDENT REPORT OF FACTUAL FINDINGS ON THE METHODOLOGY CONCERNING GRANT AGREEMENTS FINANCED UNDER THE HORIZON 2020 RESEARCH AND INNOVATION FRAMEWORK PROGRAMME

Terms of reference for an audit engagement for a methodology certificate in connection with one or more grant agreements financed by Innovative Medicines Initiative 2 JU under the Horizon 2020 Research and Innovation Framework Programme

This document sets out the '**Terms of Reference (ToR)**' under which

[OPTION 1: [insert name of the beneficiary] ('the Beneficiary')] [OPTION 2: [insert name of the linked third party] ('the Linked Third Party'), third party linked to the Beneficiary [insert name of the beneficiary] ('the Beneficiary')]

agrees to engage

[**insert legal name of the auditor**] ('the Auditor')

to produce an independent report of factual findings ('the Report') concerning the *[Beneficiary's] [Linked Third Party's]* usual accounting practices for calculating and claiming direct personnel costs declared as unit costs ('the Methodology') in connection with grant agreements financed under the Horizon 2020 Research and Innovation Framework Programme.

The procedures to be carried out for the assessment of the methodology will be based on the grant agreement(s) detailed below:

[title and number of the grant agreement(s)] ('the Agreement(s)')

The Agreement(s) has(have) been concluded between the Beneficiary and the Innovative Medicines Initiative 2 Joint Undertaking ('the JU').

The JU is mentioned as a signatory of the Agreement with the Beneficiary only. The JU is not a party to this engagement.

1.1 Subject of the engagement

According to Article 18.1.2 of the Agreement, beneficiaries *[and linked third parties]* that declare direct personnel costs as unit costs calculated in accordance with their usual cost accounting practices may submit to the JU, for approval by the European Commission ('the Commission'), a certificate on the methodology ('CoMUC') stating that there are adequate records and documentation to prove that their cost accounting practices used comply with the conditions set out in Point A of Article 6.2.

The subject of this engagement is the CoMUC which is composed of two separate documents:

- the Terms of Reference ('the ToR') to be signed by the *[Beneficiary] [Linked Third Party]* and the Auditor;

- the Auditor's Independent Report of Factual Findings ('the Report') issued on the Auditor's letterhead, dated, stamped and signed by the Auditor which includes; the standard statements ('the Statements') evaluated and signed by the *[Beneficiary] [Linked Third Party]*, the agreed-upon procedures ('the Procedures') performed by the Auditor and the standard factual findings ('the Findings') assessed by the Auditor. The Statements, Procedures and Findings are summarised in the table that forms part of the Report.

The information provided through the Statements, the Procedures and the Findings will enable the Commission to draw conclusions regarding the existence of the *[Beneficiary's] [Linked Third Party's]* usual cost accounting practice and its suitability to ensure that direct personnel costs claimed on that

basis comply with the provisions of the Agreement. The Commission draws its own conclusions from the Report and any additional information it may require.

1.2 Responsibilities

The parties to this agreement are the *[Beneficiary] [Linked Third Party]* and the Auditor.

The *[Beneficiary] [Linked Third Party]:*

- is responsible for preparing financial statements for the Agreement(s) ('the Financial Statements') in compliance with those Agreements;
- is responsible for providing the Financial Statement(s) to the Auditor and enabling the Auditor to reconcile them with the *[Beneficiary's] [Linked Third Party's]* accounting and bookkeeping system and the underlying accounts and records. The Financial Statement(s) will be used as a basis for the procedures which the Auditor will carry out under this ToR;
- is responsible for its Methodology and liable for the accuracy of the Financial Statement(s);
- is responsible for endorsing or refuting the Statements indicated under the heading 'Statements to be made by the Beneficiary/ Linked Third Party' in the first column of the table that forms part of the Report;
- must provide the Auditor with a signed and dated representation letter;
- accepts that the ability of the Auditor to carry out the Procedures effectively depends upon the *[Beneficiary] [Linked Third Party]* providing full and free access to the *[Beneficiary's] [Linked Third Party's]* staff and to its accounting and other relevant records.

The Auditor:

- *[Option 1 by default: is qualified to carry out statutory audits of accounting documents in accordance with Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC or similar national regulations]*.
- *[Option 2 if the Beneficiary or Linked Third Party has an independent Public Officer: is a competent and independent Public Officer for which the relevant national authorities have established the legal capacity to audit the Beneficiary]*.
- *[Option 3 if the Beneficiary or Linked Third Party is an international organisation: is an [internal] [external] auditor in accordance with the internal financial regulations and procedures of the international organisation]*.

The Auditor:

- must be independent from the Beneficiary *[and the Linked Third Party]*, in particular, it must not have been involved in preparing the Beneficiary's *[and Linked Third Party's]* Financial Statement(s);
- must plan work so that the Procedures may be carried out and the Findings may be assessed;
- must adhere to the Procedures laid down and the compulsory report format;
- must carry out the engagement in accordance with these ToR;
- must document matters which are important to support the Report;
- must base its Report on the evidence gathered;
- must submit the Report to the *[Beneficiary] [Linked Third Party]*.

The Commission sets out the Procedures to be carried out and the Findings to be endorsed by the Auditor. The Auditor is not responsible for their suitability or pertinence. As this engagement is not an assurance engagement the Auditor does not provide an audit opinion or a statement of assurance.

1.3 Applicable Standards

The Auditor must comply with these Terms of Reference and with[1]:

- the International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as issued by the International Auditing and Assurance Standards Board (IAASB);
- the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA). Although ISRS 4400 states that independence is not a requirement for engagements to carry out agreed-upon procedures, the Commission requires that the Auditor also complies with the Code's independence requirements.

The Auditor's Report must state that there was no conflict of interests in establishing this Report between the Auditor and the Beneficiary *[and the Linked Third Party]* that could have a bearing on the Report, and must specify – if the service is invoiced - the total fee paid to the Auditor for providing the Report.

1.4 Reporting

The Report must be written in the language of the Agreement (see Article 20.7 of the Agreement).

Under Article 22 of the Agreement, the JU, the Commission, the European Anti-Fraud Office and the Court of Auditors have the right to audit any work that is carried out under the action and for which costs are declared from the European Union budget. This includes work related to this engagement. The Auditor must provide access to all working papers related to this assignment if the JU, the Commission, the European Anti-Fraud Office or the European Court of Auditors requests them.

1.5 Timing

The Report must be provided by [dd Month yyyy].

1.6 Other Terms

[The [Beneficiary] [Linked Third Party] and the Auditor can use this section to agree other specific terms, such as the Auditor's fees, liability, applicable law, etc. Those specific terms must not contradict the terms specified above.]

[legal name of the Auditor]	[legal name of the [Beneficiary] [Linked Third Party]]
[name & title of authorised representative]	[name & title of authorised representative]
[dd Month yyyy]	[dd Month yyyy]
Signature of the Auditor	Signature of the *[Beneficiary] [Linked Third Party]*

[1] Supreme Audit Institutions applying INTOSAI-standards may carry out the Procedures according to the corresponding International Standards of Supreme Audit Institutions and code of ethics issued by INTOSAI instead of the International Standard on Related Services ('ISRS') 4400 and the Code of Ethics for Professional Accountants issued by the IAASB and the IESBA.

Independent report of factual findings on the methodology concerning grant agreements financed by Innovative Medicines Initiative 2 JU under the Horizon 2020 Research and Innovation Framework Programme

(To be printed on letterhead paper of the auditor)

To
[name of contact person(s)], [Position]
[[Beneficiary's] [Linked Third Party's] name]
[Address]
[dd Month yyyy]

Dear [Name of contact person(s)],

As agreed under the terms of reference dated [dd Month yyyy]

with *[OPTION 1: [insert name of the beneficiary] ('the Beneficiary')] [OPTION 2: [insert name of the linked third party] ('the Linked Third Party'), third party linked to the Beneficiary [insert name of the beneficiary] ('the Beneficiary')]*,

we

[name of the auditor] ('the Auditor'),

established at

[full address/city/state/province/country],

represented by

[name and function of an authorised representative],

have carried out the agreed-upon procedures ('the Procedures') and provide hereby our Independent Report of Factual Findings ('the Report'), concerning the *[Beneficiary's] [Linked Third Party's]* usual accounting practices for calculating and declaring direct personnel costs declared as unit costs ('the Methodology').

You requested certain procedures to be carried out in connection with the grant(s)

[title and number of the grant agreement(s)] ('the Agreement(s)').

The Report

Our engagement was carried out in accordance with the terms of reference ('the ToR') appended to this Report. The Report includes: the standard statements ('the Statements') made by the *[Beneficiary] [Linked Third Party]*, the agreed-upon procedures ('the Procedures') carried out and the standard factual findings ('the Findings') confirmed by us.

The engagement involved carrying out the Procedures and assessing the Findings and the documentation requested appended to this Report, the results of which the European Commission ('the Commission') uses to draw conclusions regarding the acceptability of the Methodology applied by the *[Beneficiary] [Linked Third Party]*.

The Report covers the methodology used from [dd Month yyyy]. In the event that the *[Beneficiary] [Linked Third Party]* changes this methodology, the Report will not be applicable to any Financial Statement[1] submitted thereafter.

The scope of the Procedures and the definition of the standard statements and findings were determined solely by the Commission. Therefore, the Auditor is not responsible for their suitability or pertinence.

Since the Procedures carried out constitute neither an audit nor a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not give a statement of assurance on the costs declared on the basis of the *[Beneficiary's] [Linked Third Party's]* Methodology. Had we carried out additional procedures or had we performed an audit or review in accordance with these standards, other matters might have come to its attention and would have been included in the Report.

Exceptions

Apart from the exceptions listed below, the *[Beneficiary] [Linked Third Party]* agreed with the standard Statements and provided the Auditor all the documentation and accounting information needed by the Auditor to carry out the requested Procedures and corroborate the standard Findings.

List here any exception and add any information on the cause and possible consequences of each exception, if known. If the exception is quantifiable, also indicate the corresponding amount.

…..

Explanation of possible exceptions in the form of examples (to be removed from the Report):

i. the [Beneficiary] [Linked Third Party] did not agree with the standard Statement number … because…;

ii. the Auditor could not carry out the procedure … established because …. (e.g. due to the inability to reconcile key information or the unavailability or inconsistency of data);

iii. the Auditor could not confirm or corroborate the standard Finding number … because ….

Remarks

We would like to add the following remarks relevant for the proper understanding of the Methodology applied by the [Beneficiary] [Linked Third Party] or the results reported:

Example (to be removed from the Report):

Regarding the methodology applied to calculate hourly rates …

Regarding standard Finding 15 it has to be noted that …

The [Beneficiary] [Linked Third Party] explained the deviation from the benchmark statement XXIV concerning time recording for personnel with no exclusive dedication to the action in the following manner: …

Annexes

Please provide the following documents to the auditor and annex them to the report when submitting this CoMUC to the JU:

[1] Financial Statement in this context refers solely to Annex 4 of the Agreement by which the Beneficiary declares costs under the Agreement.

1. Brief description of the methodology for calculating personnel costs, productive hours and hourly rates;
2. Brief description of the time recording system in place;
3. An example of the time records used by the [*Beneficiary] [Linked Third Party*];
4. Description of any budgeted or estimated elements applied, together with an explanation as to why they are relevant for calculating the personnel costs and how they are based on objective and verifiable information;
5. A summary sheet with the hourly rate for direct personnel declared by the [*Beneficiary*] [*Linked Third Party*] and recalculated by the Auditor for each staff member included in the sample (the names do not need to be reported);
6. A comparative table summarising for each person selected in the sample a) the time claimed by the [*Beneficiary*] [*Linked Third Party*] in the Financial Statement(s) and b) the time according to the time record verified by the Auditor;
7. A copy of the letter of representation provided to the Auditor.

Use of this Report

This Report has been drawn up solely for the purpose given under Point 1.1 Reasons for the engagement.

The Report:

- is confidential and is intended to be submitted to the JU by the [*Beneficiary*] [*Linked Third Party*] in connection with Article 18.1.2 of the Agreement;
- may not be used by the [*Beneficiary*] [*Linked Third Party*], by the JU or by the Commission for any other purpose, nor distributed to any other parties;
- may be disclosed by the JU or by the Commission only to authorised parties, in particular the European Anti-Fraud Office (OLAF) and the European Court of Auditors.
- relates only to the usual cost accounting practices specified above and does not constitute a report on the Financial Statements of the [*Beneficiary*] [*Linked Third Party*].

No conflict of interest[2] exists between the Auditor and the Beneficiary *[and the Linked Third Party*] that could have a bearing on the Report. The total fee paid to the Auditor for producing the Report was EUR _____ (including EUR _____ of deductible VAT).

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.

Yours sincerely

[legal name of the Auditor]
[name and title of the authorised representative]
[dd Month yyyy]
Signature of the Auditor

[2] A conflict of interest arises when the Auditor's objectivity to establish the certificate is compromised in fact or in appearance when the Auditor for instance:
- was involved in the preparation of the Financial Statements;
- stands to benefit directly should the certificate be accepted;
- has a close relationship with any person representing the beneficiary;
- is a director, trustee or partner of the beneficiary; or
- is in any other situation that compromises his or her independence or ability to establish the certificate impartially.

Statements to be made by the Beneficiary/Linked Third Party ('the Statements') and Procedures to be carried out by the Auditor ('the Procedures') and standard factual findings ('the Findings') to be confirmed by the Auditor

The European Commission ('the Commission') reserves the right to provide the auditor with guidance regarding the Statements to be made, the Procedures to be carried out or the Findings to be ascertained and the way in which to present them. The Commission reserves the right to vary the Statements, Procedures or Findings by written notification to the Beneficiary/Linked Third Party to adapt the procedures to changes in the grant agreement(s) or to any other circumstances.

If this methodology certificate relates to the Linked Third Party's usual accounting practices for calculating and claiming direct personnel costs declared as unit costs any reference here below to 'the Beneficiary' is to be considered as a reference to 'the Linked Third Party'.

Please explain any discrepancies in the body of the Report.	
Statements to be made by Beneficiary	**Procedures to be carried out and Findings to be confirmed by the Auditor**
A. Use of the Methodology I. The cost accounting practice described below has been in use since *[*dd Month yyyy*]*. II. The next planned alteration to the methodology used by the Beneficiary will be from [dd Month yyyy*]*.	**Procedure:** ✓ The Auditor checked these dates against the documentation the Beneficiary has provided. **Factual finding:** 1. The dates provided by the Beneficiary were consistent with the documentation.
B. Description of the Methodology III. The methodology to calculate unit costs is being used in a consistent manner and is reflected in the relevant procedures. *[Please describe the methodology your entity uses to calculate personnel costs, productive hours and hourly rates, present your description to the Auditor and annex it to this certificate]* *[If the statement of section "B. Description of the methodology" cannot be endorsed by the Beneficiary or there is no written methodology to calculate unit costs it should be listed here below and reported as exception by the Auditor in the main Report of Factual Findings:* - *...]*	**Procedure:** ✓ The Auditor reviewed the description, the relevant manuals and/or internal guidance documents describing the methodology. **Factual finding:** 2. The brief description was consistent with the relevant manuals, internal guidance and/or other documentary evidence the Auditor has reviewed. 3. The methodology was generally applied by the Beneficiary as part of its usual costs accounting practices.

Please explain any discrepancies in the body of the Report.	
Statements to be made by Beneficiary	**Procedures to be carried out and Findings to be confirmed by the Auditor**
C. **Personnel costs** General IV. The unit costs (hourly rates) are limited to salaries including during parental leave, social security contributions, taxes and other costs included in the remuneration required under national law and the employment contract or equivalent appointing act; V. Employees are hired directly by the Beneficiary in accordance with national law, and work under its sole supervision and responsibility; VI. The Beneficiary remunerates its employees in accordance with its usual practices. This means that personnel costs are charged in line with the Beneficiary's usual payroll policy (e.g. salary policy, overtime policy, variable pay) and no special conditions exist for employees assigned to tasks relating to the European Union or Euratom, unless explicitly provided for in the grant agreement(s); VII. The Beneficiary allocates its employees to the relevant group/category/cost centre for the purpose of the unit cost calculation in line with the usual cost accounting practice; VIII. Personnel costs are based on the payroll system and accounting system. IX. Any exceptional adjustments of actual personnel costs resulted from relevant budgeted or estimated elements and were based on objective and verifiable information. *[Please describe the 'budgeted or estimated elements' and their relevance to personnel costs, and explain how they were reasonable and based on objective and verifiable information, present your explanation to the Auditor and annex it to this certificate]*. X. Personnel costs claimed do not contain any of the following ineligible costs: 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 JU; excessive or reckless expenditure; deductible VAT or costs incurred during suspension of the implementation of the action. XI. Personnel costs were not declared under another EU or Euratom grant (including grants awarded by a Member State and financed by the EU budget and grants awarded by bodies other than the JU for the purpose of implementing the EU or Euratom budget in the same period, unless the	**Procedure:** *The Auditor draws a sample of employees to carry out the procedures indicated in this section C and the following sections D to F.* *[The Auditor has drawn a random sample of 10 employees assigned to Horizon 2020 action(s). If fewer than 10 employees are assigned to the Horizon 2020 action(s), the Auditor has selected all employees assigned to the Horizon 2020 action(s), complemented by other employees irrespective of their assignments until he has reached 10 employees.]*. For this sample: ✓ the Auditor reviewed all documents relating to personnel costs such as employment contracts, payslips, payroll policy (e.g. salary policy, overtime policy, variable pay policy), accounting and payroll records, applicable national tax , labour and social security law and any other documents corroborating the personnel costs claimed; ✓ in particular, the Auditor reviewed the employment contracts of the employees in the sample to verify that: i. they were employed directly by the Beneficiary in accordance with applicable national legislation; ii. they were working under the sole technical supervision and responsibility of the latter; iii. they were remunerated in accordance with the Beneficiary's usual practices; iv. they were allocated to the correct group/category/cost centre for the purposes of calculating the unit cost in line with the Beneficiary's usual cost accounting practices; ✓ the Auditor verified that any ineligible items or any costs claimed under other costs categories or costs covered by other types of grant or by other grants financed from the European Union budget have not been taken into account when calculating the personnel costs; ✓ the Auditor numerically reconciled the total amount of personnel costs used to calculate the unit cost with the total amount of personnel costs recorded in the statutory accounts and the payroll system. ✓ to the extent that actual personnel costs were adjusted on the basis of budgeted or estimated elements, the Auditor carefully examined those

Please explain any discrepancies in the body of the Report.	
Statements to be made by Beneficiary	**Procedures to be carried out and Findings to be confirmed by the Auditor**
Beneficiary can demonstrate that the operating grant does not cover any costs of the action). <u>If additional remuneration as referred to in the grant agreement(s) is paid</u> XII. The Beneficiary is a non-profit legal entity; XIII. The additional remuneration is part of the beneficiary's usual remuneration practices and paid consistently whenever the relevant work or expertise is required; XIV. The criteria used to calculate the additional remuneration are objective and generally applied regardless of the source of funding; XV. The additional remuneration included in the personnel costs used to calculate the hourly rates for the grant agreement(s) is capped at EUR 8 000 per full-time equivalent (reduced proportionately if the employee is not assigned exclusively to the action). *[If certain statement(s) of section "C. Personnel costs" cannot be endorsed by the Beneficiary they should be listed here below and reported as exception by the Auditor in the main Report of Factual Findings:* *- ...]*	elements and checked the information source to confirm that they correspond to objective and verifiable information; ✓ if additional remuneration has been claimed, the Auditor verified that the Beneficiary was a non-profit legal entity, that the amount was capped at EUR 8 000 per full-time equivalent and that it was reduced proportionately for employees not assigned exclusively to the action(s). ✓ the Auditor recalculated the personnel costs for the employees in the sample. **Factual finding:** 4. All the components of the remuneration that have been claimed as personnel costs are supported by underlying documentation. 5. The employees in the sample were employed directly by the Beneficiary in accordance with applicable national law and were working under its sole supervision and responsibility. 6. Their employment contracts were in line with the Beneficiary's usual policy; 7. Personnel costs were duly documented and consisted solely of salaries, social security contributions (pension contributions, health insurance, unemployment fund contributions, etc.), taxes and other statutory costs included in the remuneration (holiday pay, thirteenth month's pay, etc.); 8. The totals used to calculate the personnel unit costs are consistent with those registered in the payroll and accounting records; 9. To the extent that actual personnel costs were adjusted on the basis of budgeted or estimated elements, those elements were relevant for calculating the personnel costs and correspond to objective and verifiable information. The budgeted or estimated elements used are: — (indicate the elements and their values). 10. Personnel costs contained no ineligible elements; 11. Specific conditions for eligibility were fulfilled when additional remuneration was paid: a) the Beneficiary is registered in the grant agreements as a non-profit legal entity; b) it was paid according to objective criteria generally applied regardless of the source of funding used and c) remuneration was capped at EUR 8 000 per full-time

Please explain any discrepancies in the body of the Report.	
Statements to be made by Beneficiary	**Procedures to be carried out and Findings to be confirmed by the Auditor**
	equivalent (or up to up to the equivalent pro-rata amount if the person did not work on the action full-time during the year or did not work exclusively on the action).
D. Productive hours XVI. The number of productive hours per full-time employee applied is *[delete as appropriate]*: A. 1720 productive hours per year for a person working full-time (corresponding pro-rata for persons not working full time). B. the total number of hours worked in the year by a person for the Beneficiary C. 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. <u>If method B is applied</u> XVII. The calculation of the total number of hours worked was done as follows: annual workable hours of the person according to the employment contract, applicable labour agreement or national law plus overtime worked minus absences (such as sick leave and special leave). XVIII. 'Annual workable hours' are hours 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. XIX. The contract (applicable collective labour agreement or national working time legislation) do specify the working time enabling to calculate the annual workable hours. <u>If method C is applied</u> XX. The standard number of productive hours per year is that of a full-time equivalent. XXI. The number of productive hours per year on which the hourly rate is based i)	**Procedure (same sample basis as for Section C: Personnel costs):** ✓ The Auditor verified that the number of productive hours applied is in accordance with method A, B or C. ✓ The Auditor checked that the number of productive hours per full-time employee is correct. ✓ If method B is applied the Auditor verified i) the manner in which the total number of hours worked was done and ii) that the contract specified the annual workable hours by inspecting all the relevant documents, national legislation, labour agreements and contracts. ✓ If method C is applied the Auditor reviewed the manner in which the standard number of working hours per year has been calculated by inspecting all the relevant documents, national legislation, labour agreements and contracts and verified that the number of productive hours per year used for these calculations was at least 90 % of the standard number of working hours per year. **Factual finding:** <u>General</u> 12. The Beneficiary applied a number of productive hours consistent with method A, B or C detailed in the left-hand column. 13. The number of productive hours per year per full-time employee was accurate. <u>If method B is applied</u> 14. The number of 'annual workable hours', overtime and absences was verifiable based on the documents provided by the Beneficiary and the calculation of the total number of hours worked was accurate. 15. The contract specified the working time enabling to calculate the annual workable hours.

Please explain any discrepancies in the body of the Report.	
Statements to be made by Beneficiary	**Procedures to be carried out and Findings to be confirmed by the Auditor**
corresponds to the Beneficiary's usual accounting practices; ii) is at least 90 % of the standard number of workable (working) hours per year. XXII. Standard workable (working) hours are hours during which personnel are at the Beneficiary's disposal preforming the duties described in the relevant employment contract, collective labour agreement or national labour legislation. The number of standard annual workable (working) hours that the Beneficiary claims is supported by labour contracts, national legislation and other documentary evidence. *[If certain statement(s) of section "D. Productive hours" cannot be endorsed by the Beneficiary they should be listed here below and reported as exception by the Auditor:* - *...]*	<u>If method C is applied</u> 16. The calculation of the number of productive hours per year corresponded to the usual costs accounting practice of the Beneficiary. 17. The calculation of the standard number of workable (working) hours per year was corroborated by the documents presented by the Beneficiary. 18. The number of productive hours per year used for the calculation of the hourly rate was at least 90 % of the number of workable (working) hours per year.
E. Hourly rates The hourly rates are correct because: XXIII. Hourly rates are correctly calculated since they result from dividing annual personnel costs by the productive hours of a given year and group (e.g. staff category or department or cost centre depending on the methodology applied) and they are in line with the statements made in section C. and D. above. *[If the statement of section 'E. Hourly rates' cannot be endorsed by the Beneficiary they should be listed here below and reported as exception by the Auditor:* - *...]*	**Procedure** ✓ The Auditor has obtained a list of all personnel rates calculated by the Beneficiary in accordance with the methodology used. ✓ The Auditor has obtained a list of all the relevant employees, based on which the personnel rate(s) are calculated. For 10 employees selected at random (same sample basis as Section C: Personnel costs): ✓ The Auditor recalculated the hourly rates. ✓ The Auditor verified that the methodology applied corresponds to the usual accounting practices of the organisation and is applied consistently for all activities of the organisation on the basis of objective criteria irrespective of the source of funding. **Factual finding:** 19. No differences arose from the recalculation of the hourly rate for the employees included in the sample.
F. Time recording XXIV. Time recording is in place for all persons with no exclusive dedication to one Horizon 2020 action. At least all hours worked in connection with the grant agreement(s) are registered on a **daily/weekly/monthly** basis *[delete as*	**Procedure** ✓ The Auditor reviewed the brief description, all relevant manuals and/or internal guidance describing the methodology used to record time.

Please explain any discrepancies in the body of the Report.	
Statements to be made by Beneficiary	**Procedures to be carried out and Findings to be confirmed by the Auditor**
appropriate] using a **paper/computer-based system** *[delete as appropriate]*; XXV. For persons exclusively assigned to one Horizon 2020 activity the Beneficiary has either signed a declaration to that effect or has put arrangements in place to record their working time; XXVI. Records of time worked have been signed by the person concerned (on paper or electronically) and approved by the action manager or line manager at least monthly; XXVII. Measures are in place to prevent staff from: i. recording the same hours twice, ii. recording working hours during absence periods (e.g. holidays, sick leave), iii. recording more than the number of productive hours per year used to calculate the hourly rates, and iv. recording hours worked outside the action period. XXVIII. No working time was recorded outside the action period; XXIX. No more hours were claimed than the productive hours used to calculate the hourly personnel rates. *[Please provide a brief description of the <u>time recording system</u> in place together with the measures applied to ensure its reliability to the Auditor and annex it to the present certificate[1]].*	The Auditor reviewed the time records of the random sample of 10 employees referred to under Section C: Personnel costs, and verified in particular: ✓ that time records were available for all persons with not exclusive assignment to the action; ✓ that time records were available for persons working exclusively for a Horizon 2020 action, or, alternatively, that a declaration signed by the Beneficiary was available for them certifying that they were working exclusively for a Horizon 2020 action; ✓ that time records were signed and approved in due time and that all minimum requirements were fulfilled; ✓ that the persons worked for the action in the periods claimed; ✓ that no more hours were claimed than the productive hours used to calculate the hourly personnel rates; ✓ that internal controls were in place to prevent that time is recorded twice, during absences for holidays or sick leave; that more hours are claimed per person per year for Horizon 2020 actions than the number of productive hours per year used to calculate the hourly rates; that working time is recorded outside the action period; ✓ the Auditor cross-checked the information with human-resources records to verify consistency and to ensure that the internal controls have been effective. In addition, the Auditor has verified that no more hours were charged to Horizon 2020 actions per person per year than the number of productive hours per year used to calculate the hourly rates, and verified that no time worked outside the action period was charged to the action.

[1] The description of the time recording system must state among others information on the content of the time records, its coverage (full or action time-recording, for all personnel or only for personnel involved in H2020 actions), its degree of detail (whether there is a reference to the particular tasks accomplished), its form, periodicity of the time registration and authorisation (paper or a computer-based system; on a daily, weekly or monthly basis; signed and countersigned by whom), controls applied to prevent double-charging of time or ensure consistency with HR-records such as absences and travels as well as it information flow up to its use for the preparation of the Financial Statements.

Please explain any discrepancies in the body of the Report.	
Statements to be made by Beneficiary	**Procedures to be carried out and Findings to be confirmed by the Auditor**
[If certain statement(s) of section "F. Time recording" cannot be endorsed by the Beneficiary they should be listed here below and reported as exception by the Auditor: *- ...]*	**Factual finding:** 20. The brief description, manuals and/or internal guidance on time recording provided by the Beneficiary were consistent with management reports/records and other documents reviewed and were generally applied by the Beneficiary to produce the financial statements. 21. For the random sample time was recorded or, in the case of employees working exclusively for the action, either a signed declaration or time records were available; 22. For the random sample the time records were signed by the employee and the action manager/line manager, at least monthly. 23. Working time claimed for the action occurred in the periods claimed; 24. No more hours were claimed than the number productive hours used to calculate the hourly personnel rates; 25. There is proof that the Beneficiary has checked that working time has not been claimed twice, that it is consistent with absence records and the number of productive hours per year, and that no working time has been claimed outside the action period. 26. Working time claimed is consistent with that on record at the human-resources department.

[official name of the** [Beneficiary] [Linked Third Party]**]
[name and title of authorised representative]
[dd Month yyyy]
<*Signature of the [Beneficiary] [Linked Third Party]>*

[official name of the Auditor]
[name and title of authorised representative]
[dd Month yyyy]
<*Signature of the Auditor>*