

**FP7 Grant Agreement**  
**Annex II- General Conditions**  
**Marie Curie Actions**  
**Single-Beneficiary**

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**II.1. Definitions**

1. "*access rights*" means licences and user rights to *foreground* or *background*;
2. "*affiliated entity*" means any legal entity that is under the direct or indirect control of a *beneficiary*, or under the same direct or indirect control as the *beneficiary*, control taking 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.
3. "*associated country*" means a *third country* which is party to an international agreement with *the Union*, under the terms or on the basis of which it makes a financial contribution to all or part of the Seventh Framework Programme;
4. "*background*" means information which is held by *beneficiaries* prior to their accession to this agreement, as well as copyrights or other intellectual property rights pertaining to such information, the application for which has been filed before their accession to this agreement, and which is needed for carrying out the *project* or for using *foreground*;
5. "*dissemination*" means the disclosure of *foreground* by any appropriate means other than that resulting from the formalities for protecting it, and including the publication of *foreground* in any medium;
6. "*fair and reasonable conditions*" means appropriate conditions including possible financial terms taking into account the specific circumstances of the request for access, for example the actual or potential value of the *foreground* or *background* to which access is requested and/or the scope, duration or other characteristics of the *use* envisaged;
7. "*foreground*" means the results, including information, whether or not they can be protected, which are generated under the *project*. Such results include rights related to copyright; design rights; patent rights; plant variety rights; or similar forms of protection;
8. "*use*" means the direct or indirect utilisation of *foreground* in further research activities other than those covered by the *project*, or for developing, creating and marketing a product or process, or for creating and providing a service;
9. "*third country*" means a State that is not a Member State;
10. "*irregularity*" means any infringement of a provision of European Community and European Union law or any breach of obligation resulting from an act or omission by a *beneficiary* which has, or would have, the effect of prejudicing the general budget of the European Union or budgets managed by it through unjustified expenditure;

11. "*public body*" means any legal entity established as such by national law, and international organisations;
12. A legal entity is qualified as "*non-profit*" when considered as such by national or international law;
13. "*research organisation* " means a legal entity established as a *non-profit* organisation which carries out research or technological development as one of its main objectives;
14. "*SMEs*" mean micro, small and medium-sized enterprises within the meaning of Recommendation 2003/361/EC in the version of 6 May 2003.

## **PART A IMPLEMENTATION OF THE PROJECT**

### **SECTION 1 – GENERAL PRINCIPLES**

#### **II.2. Specific performance obligations of the beneficiary**

The beneficiary shall:

- a) carry out the work to be performed, as identified in Annex I. However, where it is necessary for the implementation of the *project* it may call upon third parties to carry out certain elements, according to the conditions established in Article II.6 or any special clause in Article 6. The *beneficiary* may use resources that are made available by third parties in order to carry out its part of the work;
- b) ensure that any agreement or contract related to the *project*, entered into between the *beneficiary* and any third party contain provisions that this third party, including the auditor providing the certificate on the financial statements or on the methodology, shall have no rights vis-à-vis the *REA* or the *Commission* under this *grant agreement*;
- c) ensure that the rights of the *REA*, the *Commission* and the Court of Auditors to carry out audits are extended to the right to carry out any such audit or control on any third party whose costs are reimbursed in full or in part by the financial contribution of *the Union*, on the same terms and conditions as those indicated in this *grant agreement*;
- d) ensure that the conditions applicable to it under Articles II.3.4, II.8, II.9, II.10, II.11, II.12 and II.20 are also applicable to any third party whose costs are claimed under the *project* according to the provisions of this *grant agreement*;
- e) ensure that the tasks assigned to it are correctly and timely performed;
- f) inform the *REA* in due time of:
  - i. the names of the person(s) who shall manage and monitor its work, and its contact details as well as any changes to that information;
  - ii. any event which might affect the implementation of the *project* and the rights of *the Union*;
  - iii. any change in its legal name, address and of its legal representatives, and any change with regard to its legal, financial, organisational or technical situation including change of control and, in particular, any

change of status as regards *non-profit public bodies*, secondary and higher education establishments, *research organisations* and *SMEs*;

- iv. any circumstance affecting the conditions of participation referred to in the *Rules for Participation*<sup>1</sup>, the *Financial Regulation*<sup>2</sup> and its *Rules of Application*<sup>3</sup> or of any requirements of the *grant agreement*, especially if and when any eligibility criteria cease(s) to be met during the duration of the *project*.
- g) provide the *REA*, the *Commission* including the European Anti-Fraud Office (OLAF) and Court of Auditors directly with all information requested in the framework of controls and audits;
- h) take part in meetings concerning the supervision, monitoring and evaluation of the *project* which are relevant to it;
- i) take all necessary steps to avoid commitments that are incompatible with the obligations provided for in this *grant agreement* and inform the *REA* of any unavoidable obligations which may arise during the duration of the *grant agreement* which may have implications for any of its obligations under the *grant agreement*;
- j) ensure that it complies with the provisions of the State aid framework;
- k) carry out the *project* in accordance with fundamental ethical principles;
- l) endeavour to promote equal opportunities between men and women in the implementation of the *project*;
- m) have regard to the general principles of the *Commission Recommendation* of 11 March 2005 on the European Charter for Researchers and the Code of Conduct for the Recruitment of Researchers, in particular concerning the working conditions, transparency of recruitment processes, and career development of the researchers recruited for the *project*;
- n) take every necessary precaution to avoid any risk of conflict of interest relating to economic interests, political or national affinities, family or emotional ties or any other interests liable to influence the impartial and objective performance of the *project*.
- o) designate a legal entity appointed representative (LEAR) as the authorised person to perform the role and tasks stipulated in its document of appointment. If a LEAR has already been appointed, the beneficiary agrees that the role and tasks of this LEAR are replaced by those stipulated in the document of appointment in force on the date of signature of this grant agreement.

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<sup>1</sup> European Parliament and Council Regulation (EC) No 1906/2006 of 18 December 2006 OJ L391, 30.12.2006, p.1.

<sup>2</sup> 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, OJ L 248, 16.9.2002, p.1.

<sup>3</sup> Commission Delegated Regulation (EU) 1268/2012 of 29.10.2012 on the rules of application of the 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.

## SECTION 2 – REPORTING AND PAYMENTS

### II.3. Reports and deliverables

1. The *beneficiary* shall submit a **periodic report** to the *REA* for each reporting period within 60 days after the end of each respective period. The report shall comprise:
  - a) an overview, including a publishable summary, of the progress of work towards the objectives of the *project*, including achievements and attainment of any milestones and deliverables identified in Annex I. This report should include the differences between work expected to be carried out in accordance with Annex I and that actually carried out,
  - b) an explanation of the use of the resources, and
  - c) a financial statement.
2. The *beneficiary* shall submit a **final report** to the *REA* within 60 days after the end of the *project*. The report shall comprise:
  - a) a final publishable summary report covering results, conclusions and socio-economic impact of the *project*.
  - b) a report covering the wider societal implications of the *project*, including gender equality actions, ethical issues, efforts to involve other actors and spread awareness as well as the plan for the *use and dissemination of foreground*.
3. A **certificate on the financial statements** shall be submitted for claims of interim payments and final payments when the amount of the financial contribution of *the Union* claimed by the *beneficiary* under the form of reimbursement of costs is equal to or superior to EUR 375.000, when cumulated with all previous payments for which a certificate on the financial statements has not been submitted. This certificate must be forwarded in the form of a detailed description verified as factual by its external auditor (Form D - Annex VII). However, for *projects* of a duration of 2 years or less, the certificate on the financial statements shall be submitted only for claims on final payments when the amount of the financial contribution of *the Union* claimed by the *beneficiary*, in the form of reimbursement of costs, is equal to or superior to EUR 375.000 when cumulated with all previous payments.

Certificates on the financial statements shall certify that the costs claimed and the *receipts* declared during the period for which they are provided, meet the conditions required by this *grant agreement*. Where third parties' costs are claimed under the *grant agreement*, such costs shall be certified in accordance with the provisions of this Article. The auditor shall include in its certificate that no conflict of interest exists between itself and the *beneficiary* in establishing this certificate.

The *Commission* may, at its sole discretion, accept at the request of the *beneficiary*, that it submits a **certificate on the methodology** for the calculation of costs, which it used to prepare its claims with regard to both personnel and indirect costs, and the related control systems. This certificate must be forwarded in the form of a detailed description verified as factual by its external auditor (Form E - Annex VII). When this certificate is accepted by the *Commission*, the requirement to provide an intermediate certificate on the financial statements for claims of interim payments shall be waived.

Certificates on the financial statements and on the methodology shall be prepared and certified by an external auditor and shall be established in accordance with the terms of reference attached as Annex VII to this *grant agreement*. The *beneficiary* is free to choose any qualified external auditor, including its usual external auditor, provided that the cumulative following requirements are met:

- i) the auditor must be independent from the *beneficiary*;
- ii) the auditor must be qualified to carry out statutory audits of accounting documents in accordance with national legislation implementing the 8th Council Directive on statutory audits of annual account and consolidated accounts<sup>4</sup> or any European Union legislation replacing this Directive. *Beneficiaries* established in *third countries* shall comply with national regulations in the same field and the certificate on the financial statement provided shall consist of an independent report of factual findings based on procedures specified by the *Commission*.

*Public bodies*, secondary and higher education establishments and *research organisations* may opt for a competent public officer to provide their certificate on the financial statements and on the methodology, provided that the relevant national authorities have established the legal capacity of that competent public officer to audit that entity and that the independence of that officer, in particular regarding the preparation of the financial statements, can be ensured.

Certificates by external auditors according to this Article do not affect the liability of the *beneficiary* nor the rights of *the Union* arising from this *grant agreement*.

4. The *beneficiary* shall submit the reports and other deliverables to the *REA* using the electronic exchange system set up by the *Commission*. In particular:
  - Form C must be transmitted and electronically signed through the electronic exchange system by the authorised person(s) within the *beneficiary's* organisation,.
  - The certificates on the financial statements and on the methodology must be hand-signed by an authorised person of the auditing entity on paper and the *beneficiary* shall keep the originals according to Article II.20.3. A scanned copy of the certificates shall be transmitted through the electronic exchange system. In the case of certificates on the methodology, the request for eligibility and the certificates have to be submitted directly to the *Commission* via the functional mailboxes as indicated in the Guidance Notes for Auditors and Beneficiaries on FP7 audit certification issues
5. The layout and content of the reports shall conform to the instructions and guidance notes established by the *Commission*.
6. The reports submitted to the *REA* for publication should be of a suitable quality to enable direct publication and their submission to the *REA* in publishable form indicates that no confidential material is included therein.

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<sup>4</sup> 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

7. Deliverables identified in Annex I shall be submitted as foreseen therein.
8. The *REA* may be assisted by external experts in the analysis and evaluation of the reports and deliverables.

#### **II.4. Approval of reports and deliverables, time-limit for payments**

1. At the end of each reporting period, the *REA* shall evaluate *project reports and deliverables* required by the provisions of Annex I and disburse the corresponding payments within 90 days of their receipt unless the time-limit, the payment or the *project* has been suspended.
2. Payments shall be made after the *REA*'s approval of reports and/or deliverables. The absence of a response from the *REA* within this time-limit shall not imply its approval. However, the *REA* should send a written reply to the *beneficiary* in accordance with paragraph 3. The *REA* may reject reports and deliverables even after the time-limit for payment. Approval of the reports shall not imply recognition of their regularity or of the authenticity of the declarations and information they contain and do not imply exemption from any audit or review.
3. After reception of the reports the *REA* may:
  - a) approve the reports and deliverables, in whole or in part or make the approval subject to certain conditions.
  - b) reject the reports and deliverables by giving an appropriate justification and, if appropriate, start the procedure for termination of the *grant agreement* in whole or in part.
  - c) suspend the **time limit** if one or more of the reports or appropriate deliverables have not been supplied, or are not complete or if some clarification or additional information is needed or there are doubts concerning the eligibility of costs claimed in the financial statement and/or additional checks are being conducted. The suspension will be lifted from the date when the last report, deliverable or the additional information requested is received by the *REA*, or where the *REA* decides to proceed with an interim payment in part in accordance with paragraph 4.

The *REA* shall inform the *beneficiary* in writing of any such suspension and the conditions to be met for the lifting of the suspension.

Suspension shall take effect on the date when notice is sent by the *REA*.

- d) suspend **the payment** at any time, in whole or in part for the amount intended for the *beneficiary*:
  - i) if the work carried out does not comply with the provisions of the *grant agreement*;
  - ii) if the *beneficiary* has to reimburse to its national state an amount unduly received as state aid;
  - iii) if the provisions of the *grant agreement* have been infringed or if there is a suspicion or presumption thereof, in particular in the wake of any audits and checks provided for in Articles II.20 and II.21.;
  - iv) if there is a suspicion of *irregularity* committed by the *beneficiary* in the performance of the *grant agreement*;



- v) if there is a suspected or established *irregularity* committed by the *beneficiary* in the performance of another *grant agreement* funded by the general budget of the European Union or by budgets managed by it. In such cases, suspension of the payments will occur where the *irregularity* (or suspected *irregularity*) is of a serious and systematic nature which is likely to affect the performance of the current *grant agreement*.

When the *REA* suspends the payment the *beneficiary* shall be duly informed of the reasons why payment in whole or in part will not be made.

4. The *REA* may proceed with an interim payment in part if some reports or deliverables are not submitted as required, or only partially or conditionally approved. The reports and deliverables due for one reporting period which are submitted late will be evaluated together with the reports and deliverables of the next reporting period.
5. On expiry of the time-limit for approval of the reports and payments, and without prejudice to suspension by the *REA* of this time-limit, the *REA* shall pay interest on the late payment, according to the conditions foreseen in the *Financial Regulation* and its *Rules of Application*, at the rate applied by the European Central Bank for its main refinancing operations in euros, plus three and a half points. The reference rate to which the increase applies shall be the rate in force on the first day of the month of the final date for payment, as published in the C series of the Official Journal of the European Union.

This provision shall not apply to *beneficiaries* that are *public bodies* of the Member States of the European Union.

Interest on late payment shall cover the period from the final date of the period for payment, exclusive, up to the date when the payment is debited to the *Commission's* account, inclusive. The interest shall not be treated as a *receipt* for the *project* for the purposes of determining the final grant. Any such interest payment is not considered as part of the financial contribution of *the Union*.

6. The suspension of the time-limit, of payment or of the project by the *REA* may not be considered as late payment.
7. At the end of the *project*, the *REA* may decide not to make the payment of the corresponding financial contribution of *the Union* subject to one month's written notice of non-receipt of a report, of a certificate on the financial statements or of any other *project* deliverable.
8. The *REA* shall inform the *beneficiary* of the amount of the final payment of the financial contribution of *the Union* and shall justify this amount. The *beneficiary* shall have two months from the date of receipt to give reasons for any disagreement. After the end of this period such requests will no longer be considered and the *beneficiary* is deemed to have accepted the *REA's* decision. The *REA* undertakes to reply in writing within two months following the date of receipt, giving reasons for its reply. This procedure is without prejudice to the *beneficiary's* right to appeal against the *REA's* decision.

## II.5. Payment modalities

1. The *REA* shall make the following payments:
  - a) a **pre-financing** in accordance with Article 5,

- b) for *projects* with more than one reporting period, the *REA* shall make **interim payments** of the financial contribution of *the Union* corresponding to the amount accepted for each reporting period.
- c) the *REA* shall make a **final payment** of the financial contribution of *the Union* corresponding to the amount accepted for the last reporting period plus any adjustment needed.

Where the amount of the corresponding financial contribution of *the Union* is less than any amount already paid to the *beneficiary*, the *REA* or the *Commission* shall recover the difference.

Where the amount of the corresponding financial contribution of *the Union* is more than any amount already paid to the *beneficiary*, the *REA* shall pay the difference as the final payment within the limit of Articles 4.1 and II.18.

- 2. The total amount of the pre-financing and interim payments shall not exceed 90% of the maximum financial contribution of *the Union* defined in Article 4.
- 3. Payments by the *REA* shall be made in Euro.
- 4. Costs shall be reported in Euro. *Beneficiaries* with accounts in currencies other than the Euro shall report costs by using, either the conversion rate published by the European Central Bank that would have applied on the date that the actual costs were incurred, or its rate applicable on the first day of the month following the end of the reporting period. *Beneficiaries* with accounts in Euro shall convert costs incurred in other currencies according to their usual accounting practice.
- 5. N/A .
- 6. Any payment may be subject to an audit or review and may be adjusted or recovered based on the results of such audit or review.
- 7. Payments by the *REA* shall be deemed to be effected on the date when they are debited to the *Commission's* account.

## SECTION 3 – IMPLEMENTATION

### II.6. Subcontracting

- 1. A *subcontractor* is a third party which has entered into an agreement on business conditions with the *beneficiary*, in order to carry out part of the work of the *project* without the direct supervision of the *beneficiary* and without a relationship of subordination.

Where the *beneficiary* enters into a subcontract to carry out some parts of the tasks related to the *project*, it remains bound by its obligations to the *REA* and to the *Commission* under the *grant agreement* and retains sole responsibility for carrying out the *project* and for compliance with the provisions of the *grant agreement*.

Provisions of this *grant agreement* applying to *subcontractors* shall also apply to external auditors who certify financial statements or a methodology.

- 2. Where it is necessary for the *beneficiary* to subcontract certain elements of the work to be carried out, the following conditions must be fulfilled:
  - subcontracts may only cover the execution of a limited part of the *project*;

- recourse to the award of subcontracts must be duly justified in Annex I having regard to the nature of the *project* and what is necessary for its implementation;
- recourse to the award of subcontracts by the *beneficiary* may not affect its the rights and obligations regarding *background* and *foreground*;
- Annex I must indicate the tasks to be subcontracted and an estimation of the costs;

Any subcontract, the costs of which are to be claimed as an eligible cost, must be awarded according to the principles of best value for money (best price-quality ratio), transparency and equal treatment. *Subcontracts* concluded on the basis of framework contracts entered into between the *beneficiary* and a *subcontractor*, prior to the beginning of the *project* in accordance with the *beneficiary's* usual management principles may also be accepted.

The *beneficiary* may use external support services for assistance with minor tasks that do not represent per se *project* tasks as identified in Annex I.

## **II.7. Suspension of the project**

1. The *beneficiary* shall immediately inform the *REA* of any event affecting or delaying the implementation of the *project*.
2. The *beneficiary* can propose to suspend the whole or part of the *project* if *force majeure* or exceptional circumstances render its execution excessively difficult or uneconomic. The *beneficiary* must inform the *REA* without delay of such circumstances, including full justification and information related to the event, as well as an estimation of the date when the work on the *project* will begin again.
3. The *REA* may suspend the whole or part of the *project* where it considers that the *beneficiary* is not fulfilling its obligations according to this *grant agreement*. The *beneficiary* shall be informed without delay of the justification for such an event and the conditions necessary to reinstate the work again. This suspension takes effect 10 days after the receipt of the notification by the *beneficiary*.
4. During the period of suspension, no costs may be charged to the *project* for carrying out any part of the *project* that has been suspended.
5. The suspension of the whole or part of the *project* may be lifted once the parties to the *grant agreement* have agreed on the continuation of the *project* and, as appropriate, any necessary modification, including extension of the duration of the *project*, has been identified by means of a written amendment.

## **II.8. Confidentiality**

1. During the *project* and for a period of five years after its completion, the *beneficiary* undertakes to preserve the confidentiality of any data, documents or other material that is identified as confidential in relation to the execution of the *project* ("*confidential information*"). The *REA* undertakes to preserve the confidentiality of "confidential information" until five years after the completion of the *project*. Upon a duly substantiated request by the *beneficiary*, the *REA* may agree to extend this period regarding specific confidential information.

Where *confidential information* was communicated orally, its confidential character must be confirmed by the disclosing party in writing within 15 days after disclosure.

2. Paragraph 1 no longer applies where:

- the *confidential information* becomes publicly available by means other than a breach of confidentiality obligations;
  - the disclosing party subsequently informs the recipient that the *confidential information* is no longer confidential;
  - the *confidential information* is subsequently communicated to the recipient without any obligation of confidence by a third party who is in lawful possession thereof and under no obligation of confidentiality;
  - the disclosure or communication of the *confidential information* is foreseen by other provisions of this *grant agreement*;
  - the disclosure or communication of *confidential information* is required by the national law of the *beneficiary*;
3. The *beneficiary* undertakes to use such confidential information only in relation to the execution of the *project* unless otherwise agreed with the disclosing party.
4. Notwithstanding the preceding paragraphs, the treatment of data, documents or other material which are classified ("*classified information*") or subject to security restrictions or export- or transfer- control, must follow the applicable rules established by the relevant national and European Community and European Union legislation for such information, including the *Commission's* internal rules for handling *classified information*<sup>5</sup>. Where a *beneficiary* is established in a *third country*, any security agreements between that *third country* and *the Union* shall also apply.

## **II.9. Communication of data for evaluation, impact assessment and standardisation purposes**

1. The *beneficiary* shall provide, at the request of the *REA* and the *Commission*, the data necessary for:
- the continuous and systematic review of the specific programme and the Seventh Framework Programme;
  - the evaluation and impact assessment of activities of *the Union*, including the *use* and *dissemination* of *foreground*.

Such data may be requested throughout the duration of the *project* and up to five years after the end of the *project*.

The data collected may be used by the *REA* and the *Commission* in their own evaluations but will not be published other than on an anonymous basis.

2. Without prejudice to the provisions regarding protection of *foreground* and confidentiality, the *beneficiary* shall, where appropriate, during the *project* and for two years following its end, inform the *REA* and the European standardization bodies about *foreground* which may contribute to the preparation of European or international standards.

## **II.10. Information to be provided to Member States or Associated Countries**

1. The *REA* shall, upon request, make available to any Member State or Associated *country* any useful information in its possession on *foreground*, provided that the following cumulative conditions are met:

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<sup>5</sup> Commission Decision 2001/844/EC, ECSC, Euratom of 29 November 2001 OJ L 317, 3.12.2001, p.1.

- the information concerned is relevant to public policy;
  - the *beneficiary* has not provided sound and sufficient reasons for withholding the information concerned;
  - the applicable European Community and European Union law on *classified information* does not prohibit such action.
2. As stipulated in the *Rules for Participation*, the provision of information pursuant to paragraph 1 shall not transfer to the recipient any rights or obligations and the recipient shall be required to treat any such information as confidential unless it becomes duly public, or it was communicated to the *REA* without restrictions on its confidentiality.

## II.11. Information and communication

1. The *beneficiary* shall, throughout the duration of the *project*, take appropriate measures to engage with the public and the media about the *project* and to highlight the financial support of *the Union*. Unless the *REA* requests otherwise, any publicity, including at a conference or seminar or any type of information or promotional material (brochure, leaflet, poster, presentation etc), must specify that the *project* has received research funding from *the Union* and display the European emblem. When displayed in association with a logo, the European emblem should be given appropriate prominence. This obligation to use the European emblem in respect of *projects* to which *the Union* contributes implies no right of exclusive use. It is subject to general third-party use restrictions which do not permit the appropriation of the emblem, or of any similar trademark or logo, whether by registration or by any other means. Under these conditions, the *beneficiary* is exempted from the obligation to obtain prior permission from the *REA* to use the emblem. Further detailed information on the EU emblem can be found on the Europa web page.

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

2. The *REA* and the *Commission* shall be authorised to publish, in whatever form and on or by whatever medium, the following information:
- the name of the *beneficiary*,
  - contact addresses of *beneficiary*;
  - the general purpose of the *project* in the form of the summary provided by the *beneficiary*;
  - the amount and rate of the financial contribution of *the Union* foreseen for the *project/beneficiary*; after the final payment, the amount and rate of the financial contribution of *the Union* accepted by the *REA*;
  - the geographic location of the activities carried out;
  - the list of *dissemination* activities and/or of patent (applications) relating to *foreground*;
  - the details/references and the abstracts of scientific publications relating to *foreground* and, where provided pursuant to Article II.28.3, the published version or the final manuscript accepted for publication;

- the publishable reports submitted to them;
- any picture or any audiovisual or web material provided to the *REA* in the framework of the *project*.

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

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

## **II.12. Processing of personal data**

1. All personal data contained in the *grant agreement* shall be processed in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data by the institutions and bodies of *the Union* and on the free movement of such data. Such data shall be processed by the Controller solely in connection with the implementation and follow-up of the *grant agreement* and the evaluation and impact assessment of activities of *the Union*, including the *use* and *dissemination* of *foreground*, without prejudice to the possibility of passing the data to the bodies in charge of a monitoring or inspection task in accordance with European Community and European Union legislation and this *grant agreement*.
2. The *beneficiary* may, on written request, gain access to its personal data and correct any information that is inaccurate or incomplete. It should address any questions regarding the processing of its personal data to the Controller. The *beneficiary* may lodge a complaint against the processing of its personal data with the European Data Protection Supervisor at any time.
3. For the purposes of this *grant agreement*, the Controller identified in Article 7.5 shall be the contact for the *REA*.

# **PART B FINANCIAL PROVISIONS**

## **SECTION 1 – GENERAL FINANCIAL PROVISIONS**

### **II.13. Eligible costs of the project**

1. Costs incurred for the implementation of the *project* shall meet the following conditions in order to be considered eligible:
  - a) they must be actual;
  - b) they must be incurred by the *beneficiary*;
  - c) they must be incurred during the duration of the *project*, with the exception of costs incurred in relation to final reports and reports corresponding to the last period as well as certificates on the financial statements when requested at the last period and final reviews if applicable, which may be incurred during the period of up to 60 days after the end of the *project* or the date of termination whichever is earlier;

- d) they must be determined in accordance with the usual accounting and management principles and practices of the *beneficiary*. The accounting procedures used in the recording of costs and *receipts* shall respect the accounting rules of the State in which the *beneficiary* is established. The *beneficiary's* internal accounting and auditing procedures must permit direct reconciliation of the costs and receipts declared in respect of the *project* with the corresponding financial statements and supporting documents;
  - e) they must be used for the sole purpose of achieving the objectives of the *project* and its expected results, in a manner consistent with the principles of economy, efficiency and effectiveness;
  - f) they must be recorded in the accounts of the *beneficiary*; in the case of any contribution from third parties, they must be recorded in the accounts of the third parties;
  - g) they must be indicated in the estimated overall budget in Annex I.
2. Costs incurred by third parties in relation to resources they make available free of charge to the *beneficiary*, can be declared by the *beneficiary* provided they meet the conditions established in paragraphs 1 and 3, *mutatis mutandis* and are claimed in conformity with Article II.15.
  3. Costs entailed by a *sub-contract* awarded by the *beneficiary* for the purposes of carrying out the *project* are eligible provided that the conditions laid down in Article II.6 are met.
  4. The following costs shall be considered as non-eligible and may not be charged to the *project*:
    - a) identifiable indirect taxes including value added tax,
    - b) duties,
    - c) interest owed,
    - d) provisions for possible future losses or charges,
    - e) exchange losses, cost related to return on capital,
    - f) costs declared or incurred, or reimbursed in respect of another *project* of the *Union* or of the European Atomic Energy Community ("*Euratom*"),
    - g) debt and debt service charges, excessive or reckless expenditure.

#### **II.14. Identification of direct and indirect costs**

1. Direct costs are all those eligible costs which can be attributed directly to the *project* and are identified by the *beneficiary* as such, in accordance with its accounting principles and its usual internal rules.
2. Direct eligible costs may take the form either of actual eligible costs, and/or flat-rates and/or lump sums. The conditions for reimbursement of direct eligible costs are defined in Annex III.
3. Direct personnel costs concerning the appointed researcher are eligible for the work carried out in the frame of the *project*.
4. As a general rule, the appointed researcher must devote him/herself full-time and continuously to the *project* in order to claim the contribution to the benefit of the

researchers as specified in Annex III. However, in specific and duly justified cases, as established in Annex III, the researcher may devote him/herself part-time for reasons connected to personal or family circumstances and his/her activities under the *project* may be carried out in several phases. In the latter specific and duly justified cases, the amount of the contribution may be adjusted pro rata to the time actually spent on the *project*.

5. Personnel costs other than those concerning the researcher appointed under the *project* are eligible where expressly foreseen in Annex III. In this case only the costs of the actual hours worked by the persons directly carrying out work under the *project* may be charged. Such persons must:

- be directly hired by the *beneficiary* in accordance with its national legislation,
- work under the sole technical supervision and responsibility of the latter, and
- be remunerated in accordance with the normal practices of the *beneficiary*.

Costs related to parental leave for persons who are directly carrying out the *project* are eligible costs, in proportion to the time dedicated to the *project*, provided that they are mandatory under national law.

Direct costs for management activities include:

- the overall legal, ethical, financial and administrative management
- obtaining the certificates on the financial statements and on the methodology and costs relating to financial audits and technical reviews,
- any other management activities foreseen by the annexes, except coordination of research and technological development activities.

SME owners who do not receive a salary and other natural persons who do not receive a salary shall charge as personnel costs a flat rate based on the ones used in the People Specific Programme for researchers with full social security coverage, adopted by Council Decision No 2006/973/EC<sup>6</sup>, and specified in the annual Work Programme of the year of the publication of the call to which the proposal has been submitted<sup>7</sup>.

The value of the personal work of those SME owners and natural persons shall be based on a flat rate to be determined by multiplying the hours worked in the project by the hourly rate to be calculated as follows:

{Annual living allowance corresponding to the appropriate research category published in the 'People' Work Programme of the year of the publication of the call to which the proposal has been submitted / standard number of annual productive hours} multiplied by {country correction coefficient published in the 'People' Work programme of the year of the publication of the call /100}

The standard number of productive hours is equal to 1 575. The total number of hours claimed for European Union projects in a year cannot be higher than the standard number of productive hours per SME owner/natural person.

The value of the personal work shall be considered as a direct eligible cost of the project.

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<sup>6</sup> OJ L 400, 30.12.2006, p.272.

<sup>7</sup> For calls published in 2006 the flat rates to be applied are those of the People Work programme 2007.



6. Indirect costs are all those eligible costs which cannot be identified by the *beneficiary* as being directly attributed to the *project* but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the *project*. They may not include any eligible direct costs.

Indirect costs shall represent a fair apportionment of the overall overheads of the organisation. A flat rate calculated on the basis of the direct eligible costs excluding the direct eligible costs for subcontracting and the cost of resources made available by third parties which are not used on the premises of the *beneficiary* may be charged to the *project* according to Annex III.

## II.15. Receipts of the project

*Receipts* of the *project* may arise from:

- a) Resources made available by third parties to the *beneficiary* by means of financial transfers or contributions in kind which are free of charge:
  - i. shall be considered a *receipt* of the *project* if they have been contributed by the third party specifically to be used on the *project*.
  - ii. shall not be considered a *receipt* of the *project* if their use is at the discretion of the *beneficiary's* management.
- b) Income generated by the *project*:
  - i. shall be considered a *receipt* for the *beneficiary* when generated by actions undertaken in carrying out the *project* and from the sale of assets purchased under the *grant agreement* up to the value of the cost initially charged to the *project* by the *beneficiary*;
  - ii. shall not be considered a *receipt* for the *beneficiary* when generated from **the use of foreground resulting from the project.**

## II.16. The financial contribution of the Union

1. The financial contribution of *the Union* to the *project* shall be determined on the basis of the actual eligible costs and/or the flat rates and/or lump sums accepted by the *REA*.
2. The conditions for the application of the flat-rates and/or lump sums are indicated in Annex III. The maximum amount of the flat-rates and/or lump sums is determined according to the reference rates established in the Work Programme and the total estimated amount of the financial contribution of *the Union* is indicated in Annex I.
3. The financial contribution of *the Union* shall be calculated by reference to the cost of the project as a whole and its reimbursement shall be based on the accepted costs of the *beneficiary*.
4. The financial contribution of *the Union* cannot give rise to any profit for the *beneficiary*. For this purpose, at the time of the submission of the last financial statement, the final amount of the financial contribution of *the Union* will take into account any *receipts* of the *project* received by the *beneficiary*. The financial contribution of *the Union* cannot exceed the eligible costs minus the *receipts* for the *project*.

5. The total amount of payments by *the Union* shall not exceed in any circumstances the maximum amount of the financial contribution of *the Union* referred to in Article 4.
6. Without prejudice to the right to terminate the *grant agreement* under Article II.33, and without prejudice to the right of the *REA* and of the *Commission* to apply the penalties referred to in Articles II.22 and II.23, if the *project* is not implemented or is implemented poorly, partially or late, the *REA* may reduce the grant initially provided for in line with the actual implementation of the *project* on the terms laid down in this *grant agreement*.
7. Financing in the form of flat rates and/or lump sums is limited to the amounts established in Annex I. If the conditions or grounds for granting these contributions are not fulfilled or are only partially fulfilled on completion of the project, the *REA* shall withdraw or reduce the contribution in line with the actual extent of fulfilment of the conditions or requirements.

#### **II.17. Pre-financing provided by the REA**

1. *Pre-financing* remains the property of *the Union* until the final payment.
2. Interest yielded by the pre-financing made to the *beneficiary* shall not be due to *the Union* in accordance with the *Financial Regulation* and its *Rules of Application*.

### **SECTION 2 – GUARANTEE FUND AND RECOVERIES**

#### **II.18. Guarantee Fund**

1. The financial responsibility of the *beneficiary* shall be limited to its own debt, subject to the following paragraphs.
2. In accordance with Article 5, the *beneficiary* shall contribute, to the Guarantee Fund (hereinafter *the Fund*) established in order to manage the risk associated with non-recovery of sums due to *the Union* by *beneficiaries* of *grant agreements* under FP7. That contribution to be transferred by the *REA* on its behalf may not be offset against any pending debt it may have towards *the Union*.
3. *The Fund* is the property of the *beneficiaries* of on-going *grant agreements* under FP7. *The Union* represented by the *Commission* shall manage it, as executive agent, on their behalf. *The Fund* shall be deposited in a bank (hereinafter *the Bank*) chosen by *the Union* represented by the *Commission*, in its quality of executive agent.
4. Interest generated by *the Fund* shall be added to it and shall be used by the *Commission* for transfers from or recoveries from the Fund referred to in paragraph 1 and 2 of Article II.19 (hereinafter *the Operations*).

*Operations* may be undertaken from the day of entry into force of the first *grant agreement* under FP7 until the day of the final payment of the last one. At the end of that period, any remaining interests shall become the property of *the Union*.

Where interest is insufficient to cover *operations*, contributions to *the Fund* may be used within a limit not exceeding 1% of the financial contribution of *the Union* due to *beneficiaries* other than those referred to in paragraph 5, at the end of the period referred to in the above paragraph. Beyond these limits or after that period, the *REA* or the *Commission* shall recover directly from *beneficiaries* any amount owed.

5. At the final payment made after the end of the project, the amount contributed to the Fund under this *grant agreement* shall be returned to the *beneficiary*.

The amount to be returned shall be equal to:

$$\text{“contribution to the Fund under this grant agreement”} \times \text{“Fund index”}$$

The “*Fund index*” is established at the end of each month by *the Bank* to be applied during the following month, and shall equal the following ratio reduced to 1 when superior:

$$\text{Fund index} = (C + I + B)/C$$

where:

C= contributions to *the Fund* of all on-going *projects* when establishing the index

I = cumulated interests generated by *the Fund* since the start of the period

B= (recoveries to the profit of the *Fund*) - (transfers from & recoveries on the *Fund*)

Where following this calculation the amount to be returned to the *beneficiary* is lower than the amount contributed to the *Fund* under this *grant agreement*, that deduction shall not exceed 1% of the financial contribution of *the Union* and shall not apply to amounts due to *public bodies* or legal entities whose participation in the *grant agreement* is guaranteed by a Member State or an *Associated country*, and higher and secondary education establishments.

The *beneficiary* hereby accepts that the amount to be returned to it, is assigned to the payment of any debt due by the *beneficiary* to *the Union* or to *Euratom* under this *grant agreement* or under any other obligation irrespective of its origin, without any further formality.

## II.19. Reimbursement and recoveries

1. Where an amount due to *the Union* by a *beneficiary* is to be recovered after termination or completion of any *grant agreement* under the FP7, the *REA* or the *Commission* shall request by means of a recovery order issued against the *beneficiary* the reimbursement of the amount due. If payment has not been made by the due date, sums owed to *the Union* may be recovered by offsetting them against any sums it owes to the *beneficiary*, after informing the latter accordingly. In exceptional circumstances, justified by the necessity to safeguard the financial interests of *the Union*, the *Commission* may recover by offsetting before the due date of the payment. The *beneficiary's* prior consent shall not be required. Where offsetting is not possible, the *REA* shall recover effectively from *the Fund* the amounts due.
2. Where an amount due by the *beneficiary* has been recovered from *the Fund* according to paragraphs 1 the *beneficiary* shall reimburse that amount to *the Fund*. For this purpose, the *REA* or the *Commission* shall issue against the *beneficiary* a recovery order to the benefit of *the Fund*.
3. The *beneficiary* hereby accepts that:
  - any pending payment excluding *pre-financing* due by *the Union* or *Euratom* to the *beneficiary*, irrespective of its origin, is assigned to the payment of that *beneficiary's* debt towards the *Fund*.
  - the *Commission* may adopt a recovery decision in accordance with paragraph 4.

4. The *beneficiary* understands that under Article 299 of the Treaty on the Functioning of the European Union, and as provided by the *Financial Regulation*, the *Commission* may adopt an enforceable decision formally establishing an amount as receivable from persons other than States.
5. If the obligation to pay the amount due is not honoured by the date set by the *REA* or the *Commission*, the sum due shall bear interest at the rate indicated in Article II.4. Interest on late payment shall cover the period between the date set for payment, exclusive and the date on which the *REA* or the *Commission* receives full payment of the amount owed is reimbursed in full, inclusive. Any partial payment shall first be entered against charges and interest on late payment and then against the principal.

### SECTION 3 – CONTROLS AND SANCTIONS

#### II.20. Financial audits and controls

1. The *REA* or the *Commission* may, at any time during the implementation of the *project* and up to five years after the end of the *project*, arrange for financial audits to be carried out, by external auditors, or by the *REA* or the *Commission* services themselves including OLAF. The audit procedure shall be deemed to be initiated on the date of receipt of the relevant letter sent by the *REA* or the *Commission*. Such audits may cover financial, systemic and other aspects (such as accounting and management principles) relating to the proper execution of the *grant agreement*. They shall be carried out on a confidential basis.
2. The *beneficiary* shall make available directly to the *REA* or the *Commission* all detailed information and data that may be requested by the *REA* or the *Commission* or any representative authorised by any of them, with a view to verifying that the *grant agreement* is properly managed and performed in accordance with its provisions and that costs have been charged in compliance with it. This information and data must be precise, complete and effective.
3. The *beneficiary* shall keep the originals or, in exceptional cases, duly authenticated copies – including electronic copies - of all documents relating to the *grant agreement* for up to five years from the end of the *project*. These shall be made available to the *REA* or to the *Commission* where requested during any audit under the *grant agreement*.
4. In order to carry out these audits, the *beneficiary* shall ensure that the *REA*, the *Commission's* services and any external body(ies) authorised by any of them have on the spot access at all reasonable times, notably to the *beneficiary's* offices, to its computer data, to its accounting data and to all the information needed to carry out those audits, including information on individual salaries of persons involved in the *project*. They shall ensure that the information is readily available on the spot at the moment of the audit and, if so requested, that data be handed over in an appropriate form.
5. On the basis of the findings made during the financial audit, a provisional report shall be drawn up. It shall be sent by the *REA* or the *Commission* or the authorised representative to the *beneficiary*, who may make observations thereon within one month of receiving it. The *REA* or the *Commission* may decide not to take into account observations conveyed or documents sent after that deadline. The final report shall be sent to the *beneficiary* within two months of expiry of the aforesaid deadline.

6. On the basis of the conclusions of the audit, the *REA* or the *Commission* shall take all appropriate measures which it considers necessary, including the issuing of recovery orders regarding all or part of the payments made and the application of any applicable sanction.
7. The European Court of Auditors shall have the same rights as the *REA* and the *Commission*, notably right of access, for the purpose of checks and audits, without prejudice to its own rules.
8. In addition, the *REA* or the *Commission* may carry out on-the-spot checks and inspections in accordance with Council Regulation (Euratom, EC) No 2185/96 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<sup>8</sup> and Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)<sup>9</sup>.

## II.21. Technical audits and reviews

1. The *REA* and the *Commission* may initiate a technical audit or review at any time during the implementation of the *project* and up to up to five years after the end of the *project*. The aim of a technical audit or review shall be to assess the work carried out under the *project* over a certain period, *inter alia* by evaluating the *project* reports and deliverables relevant to the period in question. Such audits and reviews may cover scientific, technological and other aspects relating to the proper execution of the *project* and the *grant agreement*.
2. With respect to the Description of work (Annex I), the audit or review shall objectively assess the following:
  - the degree of fulfilment of the *project* work plan for the relevant period and of the related deliverables,
  - the continued relevance of the objectives and breakthrough potential with respect to the scientific and industrial state of the art,
  - the resources planned and utilised in relation to the achieved progress, in a manner consistent with the principles of economy, efficiency and effectiveness,
  - the management procedures and methods of the *project*,
  - the *beneficiary's* contributions and integration within the *project*,
  - the expected potential impact in economic, competition and social terms, and the *beneficiary's* plan for the *use* and *dissemination of foreground*.
3. Audits and reviews shall be deemed to be initiated on the date of receipt by the *beneficiary* of the relevant letter sent by the *REA* or the *Commission*.
4. Any such audit or review shall be carried out on a confidential basis.
5. The *REA* or the *Commission* may be assisted in technical audits and reviews by external scientific or technological experts. Prior to the carrying out of the evaluation task, the *REA* or the *Commission* shall communicate to the *beneficiary* the identity of the appointed experts. The *beneficiary* shall have the right to refuse the participation

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<sup>8</sup> OJ L 292, 15.11.1996, p.2.

<sup>9</sup> OJ L 136, 31.5.1999.

of a particular external scientific or technological expert on grounds of commercial confidentiality.

6. Audits and reviews may be carried out remotely at the expert's home or place of work or involve sessions with *project* representatives either at the *REA's* premises or at the *Commission's* premises or at the premises of the *beneficiary*. The *REA*, the *Commission* or the external scientific or technological expert may have access to the locations and premises where the work is being carried out, and to any document concerning the work.
7. The *beneficiary* shall make available directly to the *REA* or to the *Commission* all detailed information and data that may be requested by it or the external scientific or technological expert with a view to verifying that the *project* is being/has been properly implemented and performed in accordance with the provisions of this *grant agreement*.
8. A report on the outcome of the audits and reviews shall be drawn up. It shall be sent by the *REA* or by the *Commission* to the *beneficiary*, who may make observations thereon within one month of receiving it. The *REA* or the *Commission* may decide not to take into account the observations conveyed after that deadline.
9. On the basis of the experts' formal recommendations the *REA* will inform the *beneficiary* of its decision:
  - to accept or reject the deliverables;
  - to allow the *project* to continue without modification of Annex I or with minor modifications;
  - to consider that the *project* can only continue with major modifications;
  - to initiate the termination of the *grant agreement* according to Article II. 33,
  - to issue a recovery order regarding all or part of the payments made by the *REA* and to apply any applicable sanction.
10. An ethics audit may be undertaken at the discretion of *REA's* or the *Commission's* services up to five years after the end of the *project*. Paragraphs 3, 4, 5, 6, 7, 8 and 9 shall apply *mutatis mutandis*.

## II.22. Liquidated damages

1. A *beneficiary* that is found to have overstated any amount and which has therefore received an unjustified financial contribution from *the Union* shall, without prejudice to any other measures provided for in this *grant agreement*, be liable to pay damages, hereinafter "*liquidated damages*". *Liquidated damages* are due in addition to the recovery of the unjustified financial contribution of *the Union* from the *beneficiary*. In exceptional cases the *REA* may refrain from claiming *liquidated damages*.
2. Any amount of *liquidated damages* shall be proportionate to the overstated amount and the unjustified part of the financial contribution of *the Union*. The following formula shall be used to calculate *liquidated damages*:

***Liquidated damages* = unjustified financial contribution of *the Union* x (overstated amount/ total financial contribution of *the Union* claimed)**

The calculation of any *liquidated damages* shall only take into consideration the reporting period(s) relating to the *beneficiary's* claim for the financial contribution of

*the Union* for that period. It shall not be calculated in relation to the entire financial contribution of *the Union*.

3. The *REA* shall inform the *beneficiary* which it considers liable to pay *liquidated damages* in writing of its claim by way of a registered letter with acknowledgement of receipt. The *beneficiary* shall have a period of 30 days to answer the claim of *the Union*.
4. The procedure for repayment of unjustified financial contribution of *the Union* and for payment of *liquidated damages* will be determined in accordance with the provisions of Article II.19 *Liquidated damages* will be deducted from any further payment or will be subject to recovery by the *REA* or the *Commission* .
5. The *REA* shall be entitled to *liquidated damages* in respect of any overstated amount which comes to light after the end of the *project*, in accordance with the provisions of paragraphs 1 to 4.

### **II.23. Financial penalties**

1. A *beneficiary* that has been guilty of making false declarations or has been found to have seriously failed to meet its obligations under this *grant agreement* shall be liable to financial penalties of between 2% and 10% of the value of the financial contribution of *the Union* received by that *beneficiary*. The rate may be increased to between 4% and 20% in the event of a repeated offence within five years following the first infringement.
2. In the cases of paragraph 1, the *beneficiary* shall be excluded from all *Union* and *Euratom* grants for a maximum of two years from the date the infringement has been established.
3. The provisions in this Article shall be without prejudice to any administrative or financial sanction that may be imposed on any defaulting *beneficiary* in accordance with the *Financial Regulation* or to any other civil remedy to which *the Union* may be entitled. Furthermore, these provisions shall not preclude any criminal proceedings which may be initiated by the Member States' authorities.

## **Part C INTELLECTUAL PROPERTY RIGHTS, USE AND DISSEMINATION**

### **SECTION 1 – FOREGROUND**

#### **II.24. Ownership**

1. *Foreground* shall be the property of the *beneficiary* carrying out the work generating that *foreground*.
2. If employees or other personnel working for the *beneficiary* are entitled to claim rights to *foreground*, the *beneficiary* shall ensure that it is possible to exercise those rights in a manner compatible with its obligations under this *grant agreement*.

#### **II.25. Transfer**

1. Where the *beneficiary* transfers ownership of *foreground*, it shall pass on its obligations regarding that *foreground* to the assignee including the obligation to pass those obligations on to any subsequent assignee.

2. Where a *beneficiary* intends to transfer ownership of *foreground* to a third party established in a *third country* not associated to the Seventh Framework Programme, the *Commission* may object to such transfer of ownership of *foreground*, if it considers that this is not in accordance with the interests of developing the competitiveness of the European economy or is inconsistent with ethical principles or security considerations.

In such cases, the transfer of ownership shall not take place unless the *Commission* is satisfied that appropriate safeguards will be put in place and has authorised the transfer in writing.

## II.26. Protection

1. Where *foreground* is capable of industrial or commercial application, its owner shall provide for its adequate and effective protection, having due regard to its legitimate interests.
2. Patent applications relating to *foreground*, filed by or on behalf of the *beneficiary* must include the following statement to indicate that said *foreground* was generated with the assistance of financial support from *the Union*:

**The work leading to this invention has received funding from the People Programme (Marie Curie Actions) of the European Union's Seventh Framework Programme (FP7/2007-2013) under REA grant agreement n° [xxxxxx].<sup>10</sup>**

Furthermore, all patent applications relating to *foreground* filed shall be reported in the plan for the *use* and *dissemination* of *foreground*, including sufficient details/references to enable the *REA* to trace the patent (application). Any such filing arising after the final report must be notified to the *REA* including the same details/references.

3. Where the *foreground* is capable of industrial or commercial application and its owner does not protect it and does not transfer it to an *affiliated entity* established in a Member State or *Associated country* or to any other third party established in a Member State or *Associated country* along with the associated obligations in accordance with Article II.28, no *dissemination* activities relating to said *foreground* may take place before the *REA* has been informed. The *REA* must be informed at the latest 45 days prior to the intended *dissemination* activity.

In such cases, *the Union* may, with the consent of the *beneficiary*, assume ownership of that *foreground* and adopt measures for its adequate and effective protection. The *beneficiary* may refuse consent only if it can demonstrate that its legitimate interests would suffer disproportionately great harm.

In the event *the Union* assumes ownership, it shall take on the obligations regarding the granting of *access rights*.

## II.27. Use

1. The *beneficiary* shall *use* the *foreground* which it owns or ensure that it is used.

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<sup>10</sup> This statement will have to be translated into the language of the patent filing. Translations in all European Union languages will be provided.



2. The *beneficiary* shall report on the expected *use* to be made of *foreground* in the plan for the *use* and *dissemination* of *foreground*. The information must be sufficiently detailed to permit the *REA* or the *Commission* to carry out any related audit.

## II.28. Dissemination

1. The *beneficiary* shall ensure that the *foreground* is disseminated as swiftly as possible. If it fails to do so, the *REA* may disseminate that *foreground*.
2. *Dissemination* activities shall be compatible with the protection of intellectual property rights, confidentiality obligations and the legitimate interests of the owner(s) of the *foreground*.
3. All publications or any other *dissemination* relating to *foreground* shall include the following statement to indicate that said *foreground* was generated with the assistance of financial support from *the Union*:

**The research leading to these results has received funding from the People Programme (Marie Curie Actions) of the European Union's Seventh Framework Programme (FP7/2007-2013) under REA grant agreement n° [xxxxxx].<sup>11</sup>**

Any *dissemination* activity shall be reported in the plan for the *use* and *dissemination* of *foreground*, including sufficient details/references to enable the *REA* to trace the activity. With regard to scientific publications relating to *foreground* published before or after the final report, such details/references and an abstract of the publication must be provided to the *REA* at the latest two months following publication. Furthermore, an electronic copy of the published version or the final manuscript accepted for publication shall also be provided to the *REA* at the same time for the purpose set out in Article II.11.2 if this does not infringe any rights of third parties.

## SECTION 2 – ACCESS RIGHTS

### II.29. Background covered

The *beneficiary* may define the *background* needed for the purposes of the *project* and, where appropriate, may exclude specific *background*<sup>12</sup>.

### II.30. Principles

1. All requests for *access rights* shall be made in writing.
2. The granting of *access rights* may be made conditional on the acceptance of specific conditions aimed at ensuring that these rights will be used only for the intended purpose and that appropriate confidentiality obligations are in place.
3. Unless otherwise agreed by the owner of the *foreground* or *background*, *access rights* shall confer no entitlement to grant sub-licences.

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<sup>11</sup> This statement will have to be translated into the language of the dissemination activity. Translations in all European Union languages will be provided.

<sup>12</sup> Such an exclusion may be temporary (e.g. to permit the adequate protection of the *background* prior to providing access) or limited. As *background* is by definition considered to be needed for implementation or use, the impact of such an exclusion on the *project*, particularly regarding an exclusion which does not have a temporary character, should be examined by the *beneficiary*.

4. Where the *beneficiary* intends to grant an exclusive licence to *foreground* to a third party established in a *third country* not associated to the Seventh Framework Programme, the *Commission* may object to the granting of such an exclusive licence, if it considers that this is not in accordance with the interests of developing the competitiveness of the European economy or is inconsistent with ethical principles or security considerations.

In such cases, the exclusive licence shall not take place unless the *Commission* is satisfied that appropriate safeguards will be put in place and has authorised the grant in writing.

## **FINAL PROVISIONS**

### **II.31. Requests for amendments and termination at the initiative of the beneficiary**

1. Amendments to this *grant agreement* may be requested by any of the parties. Requests for amendments and termination shall be signed by the legal representative of the parties and submitted in accordance with Article 7.
2. A request for amendment including more than one modification to the agreement shall be considered a package that cannot be separated into several requests and shall be approved or rejected by the other party as a whole, except where the request explicitly states that it contains separate requests that can be approved independently.
3. The amendments may not have the purpose or the effect of making changes to the agreement which might call into question the decision awarding the grant.

Requests for termination of the *grant agreement* shall provide the justification for termination and the reports and deliverables referred to in Article II.3 relating to the work carried out up to the date on which the termination takes effect.

### **II.32. Approval of amendments and termination requested by the beneficiary**

1. The parties to this *grant agreement* undertake to approve or reject any valid request for an amendment or termination within 45 days of its receipt. The absence of a response within 45 days of receipt of such a request shall be considered as a rejection.
2. The *REA's* approval of the requested amendment or termination shall be notified to the *beneficiary*.
3. Amendments and terminations shall take effect on the date agreed by the parties; where there is no date specified they shall take effect on the date of the *REA's* approval.

### **II.33. Termination of the grant agreement at the REA's initiative**

1. The *REA* may terminate the *grant agreement* in the following cases:
  - a) in case of non-performance or poor performance of the work or breach of any substantial obligation imposed by this *grant agreement* that is not remedied following a written request to the *beneficiary* to rectify the situation within a period of 30 days;
  - b) where the *beneficiary* has deliberately or through negligence committed an *irregularity* in the performance of any *grant agreement* with the *REA* or the *Commission*;

- c) where the *beneficiary* has contravened fundamental ethical principles;
  - d) where the required reports or deliverables are not submitted or the *REA* does not approve the reports or deliverables submitted;
  - e) for major technical or economic reasons substantially adversely affecting the completion of the *project*;
  - f) if the *use potential of the project results* diminishes to a considerable extent;
  - g) where a legal, financial, organisational or technical change or *change of control* of the *beneficiary* calls into question the decision of the *REA* to accept its participation;
  - h) where any such change identified in g) above or termination of the participation of the *beneficiary* concerned substantially affects the implementation of the *project*, or the interests of *the Union*, or calls into question the decision to grant the contribution of *the Union*;
  - i) in case of *force majeure* notified in conformity with Article II.35, where any reactivation of the *project* after suspension is impossible;
  - j) where the conditions for participation in the *project* established by the *Rules for Participation* or as amended by the call for proposals to which the *project* was submitted are no longer satisfied, unless the *REA* considers that the continuation of the *project* is essential to the implementation of the specific programme;
  - k) where the *beneficiary* is found guilty of an offence involving its professional conduct by a judgment having the force of *res judicata* or if it is guilty of grave professional misconduct proven by any justified means;
  - l) where the *beneficiary* is declared bankrupt or is being wound up.
2. Termination of the *grant agreement* at the *REA*'s initiative shall be notified to the *beneficiary*, and shall take effect on the date indicated in the notification and at the latest 30 days after its receipt by the *beneficiary*.
  3. Within 45 days after the effective date of termination, the *beneficiary* shall submit all required reports and deliverables referred to in Article II.3 relating to the work carried out up to that date. In the absence of receipt of such documents within the above time-limits, the *REA* may, after providing 30 days notice in writing of the non-receipt of such documents, determine not to take into account any further cost claims and not to make any further reimbursement and, where appropriate, require the reimbursement of any *pre-financing* due by the *beneficiary*.

#### **II.34. Financial contribution after termination and other termination consequences**

1. In the event of termination any financial contribution from *the Union* is limited to those *eligible costs* incurred and accepted up to the effective date of such termination and of any legitimate commitments taken prior to that date, which cannot be cancelled.
2. By derogation to the above paragraph:
  - in the case of Article II.33.1.a), any financial contribution from *the Union* is limited to those eligible costs incurred up to the date of receipt of the written request to rectify the breach.

3. In addition, in the cases of Article II.33.1.a), b), c), d), k) the *REA* or the *Commission* may require reimbursement of all or part of the financial contribution of *the Union*. In the case of Article II.33.1.a) the *REA* shall take into account the nature and results of the work carried out and its usefulness to *the Union* in the context of the specific programme concerned.
4. Reports and deliverables submitted in the framework of a termination are deemed to be submitted at the end of the corresponding reporting period.
5. Where *the Union* makes a payment after the termination of the *grant agreement*, this payment shall be considered as a final payment.

Notwithstanding the termination of the *grant agreement* or the participation of one or more *beneficiaries*, the provisions identified in Articles II.8, II.9, II.10, II.11, II.19, II.20, II.21, II.22, II.23, II.31, II.33, II.36, II.37, and Part C of Annex II continue to apply after the termination of the *grant agreement*.

### **II.35. Force majeure**

1. *Force majeure* shall mean any unforeseeable and exceptional event affecting the fulfilment of any obligation under this *grant agreement* by the parties, which is beyond their control and cannot be overcome despite their reasonable endeavours. Any default of a product or service or delays in making them available for the purpose of performing this *grant agreement* and affecting such performance, including, for instance, anomalies in the functioning or performance of such product or service, labour disputes, strikes or financial difficulties do not constitute *force majeure*.
2. If the *beneficiary* is subject to *force majeure* liable to affect the fulfilment of its obligations under this *grant agreement*, the *beneficiary* shall notify the *REA* without delay, stating the nature, likely duration and foreseeable effects.
3. If *the Union* is subject to *force majeure* liable to affect the fulfilment of its obligations under this *grant agreement*, it shall notify the *beneficiary* without delay, stating the nature, likely duration and foreseeable effects.
4. No party shall be considered to be in breach of its obligation to execute the *project* if it has been prevented from complying by *force majeure*. Where the *beneficiary* cannot fulfil its obligations to execute the *project* due to *force majeure*, remuneration for accepted eligible costs incurred may be made only for tasks which have actually been executed up to the date of the event identified as *force majeure*. All necessary measures shall be taken to limit damage to the minimum.

### **II.36. Assignment**

The *beneficiary* shall not assign any of the rights and obligations arising from the *grant agreement* except those cases provided for in Article II.25 (transfer of *foreground*), without the prior and written authorisation of the *REA*.

### **II.37. Liability**

1. *The Union* cannot be held liable for any acts or omissions of the *beneficiary* in relation to this *grant agreement*. It shall not be liable for any defaults of any products, processes or services created on the basis of *foreground*, including, for instance, anomalies in the functioning or performance thereof.

2. The *beneficiary* fully guarantees *the Union*, and agrees to indemnify it, in case of any action, complaint or proceeding brought by a third party against *the Union* as a result of damage caused, either by any of its acts or omissions in relation to this grant agreement, or by any products, processes or services created by it on the basis of *foreground* resulting from the *project*.

In the event of any action brought by a third party against the *beneficiary* in connection with the performance of this *grant agreement*, the *REA* may assist the latter upon written request. The costs incurred by the *REA* in this connection shall be borne by the *beneficiary*.

3. The *beneficiary* shall bear sole responsibility for ensuring that their acts within the framework of this *project* do not infringe third parties rights.
4. *The Union* cannot be held liable for any consequences arising from the proper exercise of the rights of *the Union* under the *Rules for Participation* or this *grant agreement*."