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## Energy aid

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## **1 Funding decision and its terms and conditions**

The earliest date for starting a project is the date on which the Funder grants the funding. In an investment project, the beneficiary must not make any binding investment decisions, main equipment orders, decisions to commence construction work, or any other commitments after which the cancellation of the project is no longer possible without significant financial loss. In an investigation project, the beneficiary must not make any binding orders or other commitments after which the cancellation of the project is no longer possible without a significant financial loss.

The funding decision and its terms must be formally approved within one month of the date of the decision. A conditional decision only enters into force once the beneficiary has presented written evidence of compliance with the condition(s) and approved the decision online. Conditional decisions must be approved within one month of the condition(s) being satisfied. In conjunction with acceptance, the bank account number into which the funding will be deposited shall be indicated. The person approving this decision must be authorized to sign for the organization.

These terms and conditions for funding are part of the funding decision, and compliance with them is the prerequisite for payment of the funding.

The Funder has granted this funding under the state's annual budget and the Act on Discretionary Government Transfers (688/2001), Act Amending the Act on Discretionary Government Transfers (2018), Act on the General Requirements for Granting Support for Economic Activity (429/2016) and Government Decree on General Terms of Granting Energy Aid for the years 2023-2027 (262/2023).

The funding granted under this decision is pursuant to requirements of the general block exemption regulation (Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in the application of Articles 107 and 108 of the Treaty; OJ L187 26 June 2014, p. 1) and special aid in favor of environmental protection. (SA.50051)

These funding terms and conditions are issued under section 11 (4) of the Act on Discretionary Government Transfers (688/2001).

## **2 Publicity of the funding decision**

The following information will be public: the beneficiary's name, business ID, size, domicile, sector, register number of the funding decision, form of financing, granting date, the amount of funding granted and the amount paid. The State Treasury publishes public information about state grants in the service for publication and use of state grant information (Tutkiavustuksia.fi).

When the beneficiary disseminates information about the project or its results, it must disclose that Business Finland has provided funding for the project.

The Ministry of Economic Affairs and Employment, Finnvera, Business Finland Oy, Innovation Funding Agency Business Finland, ELY Centres and TE Offices may exchange client information relating to the beneficiary.

The Funder may also require information from other authorities and funding bodies (such as the Finnish Tax Administration, municipalities, banks, capital investors, Sitra and the Foundation for Finnish Inventions) for the purposes of payment and supervision of funding. The Funder may, notwithstanding confidentiality provisions relating to business secrets, contact these authorities and funding bodies in order to obtain or provide information associated with the beneficiary and this project. By accepting the funding decision, the beneficiary agrees to the exchange of information.

The beneficiary must submit their annual statements, including appendices, for publication in the Finnish Patent and Registration Office, as laid down by law.

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### **3 Accountable project leader**

The beneficiary authorizes an accountable project leader who is in an employment relationship with the beneficiary or holds a position of responsibility in the company. A person banned from business cannot act as the responsible manager of the project.

The accountable leader monitors the implementation of the project referred to in the funding decision and is responsible for ensuring that

- project accounting has been arranged in accordance with these terms and conditions
- working time monitoring has been arranged in accordance with these terms and conditions
- the decision and related terms and conditions are reviewed with financial management/an accounting firm, and they have been sent to the auditor for information
- the project is implemented in accordance with the plan
- reported costs have been incurred by the project during the duration of the project
- the persons chosen to manage the matters pertaining to the project in the online service have access rights to the project.

### **4 Reporting**

The accountable project leader is responsible for reporting on the project.

An auditor's report must be submitted as part of the final report. The form is available on the Business Finland's website.

Upon request, the Funder must be provided with additional information if required for project monitoring. Additional information may include copies of receipts, invoice itemizations, selection criteria for purchased services and working time monitoring reports.

The beneficiary must declare all project costs at the latest in the final report. If it is necessary to make changes between the cost categories in the cost estimate, the beneficiary must apply to change the cost estimate in the online service. No new project costs can be presented after the approval of the final report.

The costs that have been initially approved on the basis of the interim report will be revaluated in connection with the final report. The Funder will only give its final approval to the costs after it has received the auditor's report.

#### **Investment projects**

The beneficiary of the investment project must, in connection with each report or cost statement, present a statement by its representative on the progress of the project. A report on the total project funding must also be included in the cost statement of the first funding instalment, or in the final cost statement if the costs are declared in a single instalment. Regarding projects which involve leasing or partial payment expenses, the beneficiary must submit a leasing or partial payment agreement in connection with a cost statement. Furthermore, the Funder must be provided with a certificate stating that the finance company has remitted the investment should the beneficiary fail to submit an auditor's report for the project.

#### **Investigation projects**

The report is appended with a formal salary specification form (Y4). Due to the confidentiality of salary information, the salary specification cannot be downloaded for viewing from the service like the other documents.

The Funder shall disclose the information on the investigation project listed below to Motiva Oy once the beneficiary has consented to said disclosure upon accepting the funding decision:

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- the funding decision and the cost estimate
- the application attachment with forms on subjects of support (1 subject/form) appended to the funding application and submitted to the Funder
- the name and email address of the applicant's contact person.

In investigation projects, the beneficiary must provide a final report in conjunction with the final cost statement for the project's results and the opportunities for their utilization. The beneficiary must, prior to the project's final cost statement, submit the subject-specific reports and summary tables (paataulu.xls – "main table.xls" and kuntataulu.xls – "municipality table.xls") to Motiva Ltd. Instructions for submittal are available on the Business Finland webpage on energy aid.

## **5 Auditor's report**

The costs are confirmed on the auditor's report. The beneficiary must submit an auditor's report covering the entire duration of the project and prepared by an independent auditor as part of the final report. The report template is available on the Business Finland website.

Reasonable costs arising from the auditor's report prepared by the project auditor can be accepted as direct project costs. If the billed and paid costs incurred by the audit are not included in the project costs confirmed by the auditor, copies of the invoice of the audit costs and receipt/bank statement must be submitted to the Funder.

The Funder has the right to deliver the auditor's report to other authorities for the purposes supervising funding.

If the number of purchase invoices in the project is five or less, it is possible to replace the auditor's report with an extract of project accounting from the general ledger, copies of the purchase invoices, and the payment receipts containing the bank's archiving ID indicating that the invoices have been paid. A copy of the binding procurement document indicating the order date is appended to the report. A copy of the insurance policy for the investment or other proof of taking out the insurance must also be appended. However, an auditor's report shall be delivered every time that salaries or purchases are declared to the project from inside the group or an associated company.

## **6 Payment of funding**

The Funder will provide the funding on the basis of the approved report.

The first instalment of the investment project may be paid once the beneficiary has made a binding order for primary equipment and begun construction, and when at least 20 per cent of the costs have been paid. The final instalment of the investment project may be paid once the project is completed and the funded asset has been insured against loss or damage and the final report has been approved. At least 20 per cent of the funding granted for the project will only be paid after the approval of the final report. The final instalment will be paid if the project has accumulated an adequate amount of eligible costs.

Funding that has been granted for an investigation project is paid once the project is completed and the final report has been approved.

Entitlement to the granted funding or part of it will lapse if the beneficiary does not submit the requested reports or further information by the due date specified in the funding decision or separately notified by the Funder. Innovation Funding Agency Business Finland may order any funding already provided to be repaid immediately, with interest.

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## **7 Monitoring of costs and project accounting**

The beneficiary must arrange its accounting so that the costs arising from the project can be itemized and their connection with the accounting and the reported costs can be verified.

The working time monitoring forms a part of the project accounts.

In connection with the first interim report, the beneficiary must provide the Funder with a description of the project accounting and working time monitoring. The description must indicate whether the project accounting and working time monitoring have been arranged in accordance with the funding terms and conditions.

If the customer's accounting system does not permit the generation of cost-category-specific reports, the customer must draw up some other calculation that lists how accounting costs are allocated to cost categories (such as an Excel spreadsheet).

Accounting must include purchase invoices of project purchases. The invoices must specify the product or service purchased for the project.

Costs incurred from the auditor's report may be incurred and may be paid after the project has ended.

Project documents and other materials necessary for the supervision and auditing (including personal working time records with verifications, where required and salary specifications submitted in connection with reporting) must be kept for a minimum of 10 years after the payment of the last project funding instalment.

## **8 Eligibility of costs**

The project plan and cost estimate approved by the Funder form a part of the funding decision and serve as the basis for accepting the costs. Eligible costs include expenditure incurred from investment and investigation projects that

- have been paid and entered in the accounts of the beneficiary
- are in net amount and VAT-exempt
- have arisen from the project during the duration of the project (accrual basis, at the earliest on the date of the funding decision)
- necessary and reasonable for the implementation of the project.

The costs must be based on the corresponding expenditure payment records. This does not apply to computational costs allocated to the project. The expenses must be fully paid in money by the beneficiary when they are reported to the Funder. Procurements may not be paid by loans issued by the recipient of the payment. Invoice for work performed during the project may be paid after the project end date but before the costs are reported to the Funder.

The Funder has the right not to accept costs presented in a statement if their relevance to the project is not clearly substantiated or they are too large in view of the project results.

All costs based on the project plan must be reported to the Funder. Final approval of the costs for a project can only be given after the costs have been approved.

As a rule, to ensure the effectiveness of the funding, only procurements and work ordered or agreed upon in writing after the funding decision has been made can be approved for the project. The purchase ordered for the project before the funding decision of the energy aid can only be approved if the order contract or deed of sale contains a condition that the purchase will be canceled if the funding decision is negative. Even then, the costs are only eligible from the date of the funding decision.

Costs will be approved ex VAT, unless the beneficiary is not liable to pay VAT. The costs on which VAT is payable may also be reported if they are connected with VAT-exempt operations and the VAT will be payable by the beneficiary.

## **9 Procurement procedures**

In all procurements, the beneficiary must ensure that the bidders, subcontractors, or their beneficiaries are not subject to sanctions imposed by the European Union or the United Nations (UN), or decisions to freeze assets imposed by the Finnish authorities.

If the beneficiary or a client purchasing the energy produced with the investment is a public procurement unit, or the company has received funding from the Funder or other public funding that covers more than 50% of the procurement, the beneficiary or client purchasing the energy must comply with the Act on Public Contracts. When the total value of the procurement is at least 60,000 euros, the procurement must be tendered as a public procurement.

If a public procurement unit has made a procurement in violation of the procurement provisions, the procurement price will not constitute an eligible project cost.

The beneficiary must prove that competitive bidding has taken place by attaching a copy of the contract notice published in HILMA ([hankintailmoitukset.fi](http://hankintailmoitukset.fi)) to the cost statement, or by providing justification for applying the direct award procedure.

## **10 Eligible costs in investment projects**

The beneficiary's own salaries are not eligible in investment projects.

The following costs are eligible:

Purchase, installation and commissioning of machinery and equipment

- Costs for the purchase and installation of machinery and equipment and the costs of commissioning and training of operating staff for the energy investment asset.

Cost of buildings

Civil engineering, supervision and connection fees

- Costs related to civil engineering and supervision of construction work, to the connection fee charged by the distribution network holder for electricity production and to the construction of a trunk pipeline for connecting to the heating network of a district heating plant to be built.

Earthwork and acquisition of land

- Costs of clearing and earthwork as well as the acquisition of land directly related to the investment up to a limit of 10% of the total eligible costs of the project.

Preparation and planning costs

- Preparation and planning costs to the extent that they do not exceed 20% of the eligible costs of the project. The costs related to supervision and project management are also taken into account in connection with the assessment of reasonable preparation and planning costs.

Specific monitoring costs (ESCO)

- Costs of monitoring the investment for a maximum period of one year from the commencement of the investment, if justified by the specific characteristics of the project or for any other specific reason.

If an investment project is funded by means of leasing, a part-payment, or similar or carried out through energy-efficiency contracting, costs are eligible up to the value corresponding to the purchase price of the acquisition; however, administrative, financing, insurance, repair, maintenance, or similar costs are not eligible. In a part-payment and lease contract, costs are eligible up to the value corresponding to the purchase price of the acquisition. Administrative, financing, insurance, repair, maintenance, or similar costs are not eligible.

However, in the case of a project involving leasing, part-payment, or similar costs, the beneficiary must prove that the financing company has paid the full amount of the purchase.

Completion of the project means that the funded machines and equipment have been installed and are in working order. The recipient of the funding must have a document of the equipment's acceptance inspection.

In investment projects, services purchased from the group companies and associated companies are eligible. In investigation projects, acquisitions from group companies and associated companies are not eligible, which means that section 11 Services purchased from the group and associated companies only applies to investment projects.

## **11 Purchases from other companies in the same group and associated companies**

### **11.1 Business Finland's definition of an associated company**

Companies (here referring to all legal persons) are each other's associated companies if another company or person exercises control over another company or can influence its choice of procurement sources.

Companies are considered each other's associated companies if at least 20% of the other company's share capital or corresponding equity is directly or indirectly owned or controlled by the other company. Companies are considered each other's associated companies also if at least 20% of the other company's share capital or corresponding equity is directly or indirectly owned or controlled by the same individual.

The Funder also considers direct or indirect ownership to exist on the basis of the following criteria when the individuals serve in the following roles or positions under the beneficiary or an associated company:

- members or alternate members of a company's Board of Directors
- responsible persons within the company
- employees of the company
- creditors or guarantors of the company
- family members: an applicant's spouse or a cohabiting partner, the applicant's or their spouse's/partner's children
- close relatives, such as a grandchildren, siblings, parents, grandparents, or corresponding half-relatives.

### **11.2 Project accounting and cost reporting of an associated company**

Group companies and associated companies must also observe these funding terms and conditions. The beneficiary must ensure that the group companies and associated companies arrange project accounting and working time monitoring in a manner that is in accordance with these terms and conditions.

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The group companies and associated companies must provide the beneficiary with an invoice for the services purchased for the project. The Funder may accept costs incurred by the seller for providing the service and paid by the beneficiary. Group-internal administrative costs and items paid as administrative fees are not eligible project costs.

The Funder will accept the paid purchased services without profit. In order to demonstrate the non-profit nature of the services, the group companies and associated companies must also provide the Funder with a separate project cost statement of the costs arising from the project.

In addition to direct project costs, indirect personnel costs and overheads connected with wages and salaries are also eligible costs. A maximum of 50 per cent of the salaries allocated to the project are accepted as indirect personnel costs.

The costs are declared using the template 'Cost statement for associated company Y3+Y5' and a separate salary specification (Y4). The authorized signatory of the group company or associated company signs the accountable project leader's declaration. The forms are available on Business Finland's website.

The beneficiary must submit the cost statement of each group company or associated company in a separate file. No later than in connection with the final report, the beneficiary must also submit a separate auditor's report in a specified form detailing the declared costs of the group company or associated company. The auditor's report must be prepared by an independent auditor. The report template is available on the Business Finland website. The Funder may, at its discretion, exceptionally accept purchased services without a separate cost statement even from associated or group companies.

### **11.3 Purchases from foreign group companies and foreign associated companies, and costs arising in an office abroad**

The Funder may also accept as project costs purchases from foreign group companies and foreign associated companies and costs to the beneficiary arising in an office abroad. This must be specified in the special terms and conditions of the funding decision. Only direct project costs are accepted as eligible costs. Indirect personnel costs and overheads are not accepted. Exchange rates on the date of payment are applied to invoices submitted in a foreign currency.

Foreign group companies and foreign associated companies must provide cost statement forms and an auditor's report prepared by an independent auditor. The auditor's report on an official Business Finland template may be in Finnish, Swedish or English. The forms and auditor's report templates are available on the Business Finland website.

## **12 Eligible costs in investigation projects**

In investigation projects, costs according to sections 13 to 17 are eligible.

### **13 Declared salaries**

#### **13.1 Working time monitoring**

Every person working for the project must record the time they allocate to the project on an hourly basis for the entire duration of the project. Hours worked must be reported monthly for the days when the work was performed. Any working time monitoring conducted after submitting the salary specification in connection with the report will not be accepted. Working time monitoring also applies to persons who are paid trade income.

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If the Working Hours Act does not apply to the person or the working hours have not been defined for the person in writing, the Funder uses an estimate of 10 h/day or 215/month as the total working time. Such persons are, for example, the CEO and other management as well as shareholders.

The accountable project leader or the employee's supervisor must approve the working hours at least on a monthly basis. The CEO or the responsible manager of the project cannot confirm their own working hours. Confirmation must be verifiable afterwards.

The Funder has the right to refuse approval of the salaries in whole or in part if the working time monitoring has not been in compliance with the above terms and conditions or cannot be regarded as reliable.

### **13.2 Declared salaries**

Of the salary paid to a person for their total working hours, the beneficiary can only report the salary paid for the hours spent on the project according to working time monitoring (see the acceptable methods of calculating the working hours in the salary specification form Y4). The Funder will compare each person's declared overall salary to the information in the Incomes Register. As a public authority, Business Finland receives its information from the Incomes Register.

Eligible costs include salaries subject to withholding tax for the effective working hours dedicated to the project by participants working on the project, for up to 11 months per year (specification template Y4).

Effective working hours do not include absences on full pay, such as annual holidays, or the time spent on sick leave or maternity, parental or paternity leave.

The amount of salaries reported to the Funder

- may not substantially differ from what has been paid to the person in question for work of a corresponding level, either before the project or immediately after it
- must correspond to the compensation paid to the person by the beneficiary for other work during the project.

The Funder may, at its discretion, accept the payment of a reasonable salary to a person working for the project who has not been paid any salary for any work before the project.

The Funder will not accept any salary components that are paid to a person on the condition that funding for the pay component is received from the Funder or other funding bodies.

The beneficiary must notify the Funder in the salary specification if performance-related or other exceptional payment components are included in the salaries reported to the Funder. The Funder may, at its discretion, approve them if they are an established and important part of the beneficiary's salary payment regime. The beneficiary must always submit the details of the total amount of the exceptional salary components, the payment criteria and period for which the components are paid so that the proportion allocated to the project can be determined.

If the compensation paid is classified as trade income and not as salary, the beneficiary must report it under Purchased services.

The beneficiary must report any project-related salaries paid to persons coming from abroad to work in Finland or persons working abroad. The information is entered in the salary specification form.

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## **14 Indirect personnel costs**

A percentage of the salaries paid for effective working hours and approved for the project that is laid out in the project cost estimate (max. 50%) can be accepted as indirect personnel costs.

Indirect personnel costs include

- midweek holidays, holiday pay, sick pay, leave pay and holiday bonus
- social security costs
- other employment costs, such as recruitment costs, personnel training, fringe benefits, workwear, and protective clothing.

The Funder has the right to intervene in budgeted indirect personnel costs arising from employment relationships that are not subject to the same indirect personnel costs as conventional employment relationships. Such employment relationships may apply to individuals who do not come under the Working Hours Act (shareholders in management positions), persons coming from abroad to work in Finland or persons working abroad.

- If a salary's social security costs are not paid to Finland, indirect personnel costs and overhead cannot be accepted as project costs.
- For persons that do not receive any holiday pay, a total of 30 percent of all reported salaries are approved as indirect personnel costs.

The Funder has the right to verify all indirect personnel costs and pay the funding on the basis of actual indirect personnel costs when these remain under the level approved in the cost estimate. Indirect personnel costs must be calculated on request using a spreadsheet available on the Business Finland website.

## **15 Travel expenses**

Necessary travel expenses included in the project plan of an investigation project can be accepted in accordance with the following regulations of the Finnish Tax Administration:

- Decision of the Finnish Tax Administration on the tax-exempt compensation of travel costs
- Instruction of the Finnish Tax Administration concerning compensation for commuting expenses.

The Funder will accept travel expenses in accordance with other provisions and administrative regulations applying to the beneficiary if there are provisions regarding the compensation of travel expenses that differ from the decisions and instructions issued by the Finnish Tax Administration. Costs will only be accepted up to the amount specified in the decision of the Finnish Tax Administration.

## **16 Supplies and equipment and machinery rentals**

The eligible costs for investigation projects include supplies and the rental of equipment and machinery necessary for the implementation of the project to the extent that they do not exceed 10% of the eligible costs of the project.

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## 17 Purchased services

### Investigation projects

In investigation projects, eligible costs include direct, reasonable costs incurred from the project, such as

- costs of consultancy, expert, and information management services and other similar direct costs arising from the project
- costs arising from project auditing.

Services purchased from third parties can be accepted in accordance with the project plan and invoicing. Business Finland does not accept the allocation of purchases for a project as a percentage of the total sum of a purchase invoice, for example.

Services purchased from domestic SMEs; for these purposes, a small and medium-sized enterprise (SME) is defined as a Finnish company with fewer than 250 employees. Also, fees billed by an independent contractor are declared under "Services purchased from SMEs".

Services purchased from domestic public-sector research organizations; a research institution is defined as a Finnish university, university of applied sciences or public research institute.

Services purchased from other domestic companies/entities; services purchased from domestic organizations other than those specified above are entered under this cost category.

Services purchased from the European internal market area; under this cost category are entered the purchased services from the European internal market area (an area formed by the European Economic Area and the Swiss Confederation).

Services purchased from outside the European internal market; services purchased from outside the European internal market are entered here.

## 18 Ineligible costs

Costs that are not necessary for the implementation of the project or are otherwise unacceptable are not accepted for the project. Such costs include, for example:

- overheads
- entertainment expenses
- banking and financing costs
- voluntary personal insurance policies
- costs that have been allocated public funding that may not be combined with other types of public funding (for example, the salary costs of a person who has received a startup grant for the same period)
- salary costs for which a pay subsidy has been received
- services containing other public funding
- any financing, administration, insurance, repair, maintenance, or equivalent expenditures arising from acquisitions under the terms of a leasing or installment sale
- the purchase costs of office equipment, cars, and other equivalent durable goods
- costs that are not relevant to the project's implementation

In addition, the eligible costs for investment projects do not include the beneficiary's salaries, travel costs, interest during construction, cost reserves, connection fees other than the those referred to in section "Civil engineering, supervision and connection fees", and payments based on Act on Criteria for Charges Payable to the State (150/1992).

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## **19 Other public funding**

The reports must specify all other public funding granted for the project by the state, municipalities and other public entities or bodies or foundations governed by public law. Funding granted by the European Union must also be reported.

The combined total funding that the project receives from the Funder and other providers of public funding may not exceed the project's maximum limit for public funding. If necessary, the Funder will reduce its own contribution so that the maximum amount of public funding is not exceeded.

The beneficiary must fund at least 25 per cent of the project with funding that is unrelated to public funding. However, this is not applied to projects implemented by a municipality or a corporation under its majority ownership insofar as the funding is granted by the municipality.

## **20 Monitoring of funding impact**

The Funder will continue to evaluate the impact of the projects after their completion.

Upon request, the beneficiary must provide the Funder with a report on the project's impacts on the energy economy, greenhouse gas emissions impacts, and other relevant environmental impacts, as well as employment and other impacts.

The beneficiary must, on request, provide details of the outcome of the plans and forecasts that it presented during the processing of the application and the realization of the project. Upon request, the Funder must be provided with a report on how the business targeted in the project has developed.

The Funder must have the opportunity to audit the beneficiary's annual accounts and auditing statements kept in the Finnish Patent and Registration Office database for a period of five accounting periods following the completion of the project.

The Funder has the right to commission an analysis of the beneficiary's annual accounts from another public funding agency.

## **21 Changes to the project**

The beneficiary must obtain the Funder's consent for project changes. Consent must be sought from the Funder in writing in advance / before the change if the project's progress deviates from the plan:

- significant changes to the project plan
- changes to cost categories
- changes to the schedule
- changes to a reporting date
- changing the accountable project leader.

If the Emissions Trading Act becomes applicable to the project, the beneficiary must inform the Funder of this within two months.

A positive amendment decision can only be made if the beneficiary has fulfilled their registration, declaration, and payment obligations in relation to taxes or other legal obligations.

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A change in the beneficiary's bank account is reported using form Y1 available on the website.

## **22 Reassignment and approval of corporate reorganization**

The Funder has the right to claw back the funding under section Clawback of funding of these general terms and conditions if the beneficiary violates the provisions detailed in this section.

### **22.1 Transferring a funding decision**

As a rule, a funding decision may not be transferred to a third party.

### **22.2 Restructuring arrangements**

The beneficiary must notify the Funder in writing in advance if it, during the project or within five years after it, undertakes significant business changes or restructuring (such as sale of business or a share majority, a merger or a division). The time limit of five years is calculated from the payment date of the final funding installment.

### **22.3 Use and transfer restriction of assets**

The assets subject to funding must be used for the purpose specified in the funding decision within a period of five years, and the assets may not be assigned to a third party or transferred into their ownership or control during that period, unless the Funder, on the basis of a prior application, allows this for some special reason. A special reason could be, for example, the merger of the beneficiary with another company or the acquisition of the business concerning the project. Such authorization may be granted if, in the event of a transfer or assignment of assets, the effect of the aid is passed on and the transferee fulfills the regulatory requirements for the beneficiary.

However, it is possible to transfer ownership on a temporary basis to a financial company or similar, provided that the beneficiary retains the right to use the assets and their right of possession.

## **23 Beneficiary's disclosure obligation**

The beneficiary must provide the Funder with accurate and sufficient information for the payment of funding and for monitoring the compliance with the terms and conditions.

The beneficiary must inform the Funder without delay of any change affecting the realization of the intended use of the funding or of any other change affecting the use of the funding.

## **24 Right of inspection**

Innovation Funding Agency Business Finland, the National Audit Office, the State Treasury, the Ministry of Finance, the Government Financial Controller's Function, the Ministry of Economic Affairs and Employment, the European Commission, the European Court of Auditors, the European Public Prosecutor's Office (EPPO), and the European Anti-Fraud Office (OLAF) have the right to obtain necessary information about the use of the support and to audit the finances and operations of the beneficiary as required for the payment of the funding and supervision of its use.

The audits can be performed by other authorities or auditors authorized by the Funder. An external expert may, at the Funder's request, assist in the performance of the audit. By accepting the funding decision and its terms and conditions, the beneficiary provides their written consent that it

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will fully cooperate to protect the financial interests of the Union and authorizes the European and national officials to exercise their powers comprehensively as well as agrees to ensure that any third parties participating in the management of the Union's assets will grant similar rights.

The beneficiary should assist with the inspection and provide the needed information for the inspector without compensation.

The auditor has the right to seize any material subject to audit, if auditing so requires. A written record must be drawn up of any seizure of materials during an audit. The record must state the purpose of seizing the material and what has been seized. The seized material must be returned without delay when it is no longer needed for the audit.

The auditor has, to the extent required by the audit, the right to enter the premises managed or used by the beneficiary. This applies to the business, storage and other similar premises used for practicing a profession or a business, as well as other areas relevant to the granting of the funding and the supervision of its use. Audits may not be carried out in premises covered by domestic peace.

## **25 Discontinuation of payment**

Innovation Funding Agency Business Finland may order the temporary discontinuation of the payment of the funding on following grounds:

1. The Funder has reasons to suspect that the beneficiary does not provide the Funder with correct or adequate information or uses the funding in a manner that is in violation of the funding decision.
2. The grounds on which the funding was granted have essentially changed. Such changes include situations where
  - a) the beneficiary deviates from the project plan without a written authorization granted by the Funder
  - b) there is a substantial deterioration in the beneficiary's financial position in relation to the anticipated trend
  - c) the beneficiary loses its equity in full
  - d) the beneficiary initiates reorganization proceedings
  - e) the beneficiary neglects its registration, notification, or payment obligations related to taxes or other regulatory obligations
  - f) the beneficiary has outstanding debt to the State or the institutions of the European Union arising from their payment or recovery decisions or orders
  - g) the beneficiary has recovery decisions with which it has failed to comply
  - h) the beneficiary has failed to adhere to the repayment obligations concerning the loans granted by Business Finland
  - i) the beneficiary does not provide sufficient information about the owners or beneficiaries so that the Funder can take the measures related to know your customer
  - j) the beneficiary does not provide the Funder with sufficient information regarding the providers, subcontractors, or their beneficiaries, so that the Funder can make sure that these actors are not subject to sanctions imposed by the European Union or the United Nations (UN), or decisions to freeze assets imposed by the Finnish authorities.
3. The payment of funding must be discontinued under European Union legislation.

If the grounds for the discontinuation are not corrected within the time specified in the decision to interrupt funding, Innovation Funding Agency Business Finland has the right to discontinue payment of the funding and to claw back the funding already paid in whole or in part.

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## 26 Repayment of funding

The beneficiary must, without delay, repay any funding or part thereof received through error, in excess or manifestly without cause.

Grants of less than 100 euros need not be repaid.

The beneficiary must contact the Funder before the repayment of funding.

## 27 Clawback of funding

Innovation Funding Agency Business Finland may claw back any funding already paid if the beneficiary violates against these terms and conditions.

### 27.1 Statutory clawback

Innovation Funding Agency Business Finland will order the discontinuation of the payment of funding and the clawback of funding already paid if the beneficiary has

1. failed to return funding or part thereof that must be repaid under section Repayment of funding
2. used the funding for a purpose essentially different from that for which it was granted
3. provided false or misleading information about a matter that has been essential to the granting of the funding, its amount or terms and conditions
4. otherwise essentially violated the provisions concerning the use of the funding or these terms and conditions in a manner comparable to paragraphs 1-3.

### 27.2 Discretionary clawback

Innovation Funding Agency Business Finland has the right to order the discontinuation of the payment of funding and the clawback of funding or part thereof already paid if

- false or misleading information has been provided for the purpose of payment of funding or supervision thereof, information has been concealed, the provision of information has been refused or the information requested by Innovation Funding Agency has not been provided by the specified date
- the beneficiary has directly or indirectly made funds or financial resources available or usable by natural persons, legal entities, entities or bodies on the embargo list or close to them
- the beneficiary has not complied with the terms and conditions for funding
- the beneficiary has not informed the Funder without delay of any change affecting the realization of the intended use of the funding or of any other change affecting the use of the funding
- the funding has not been used in compliance with the funding decision
- the beneficiary has not been able to demonstrate how the project plan has been implemented or what the results have been
- the beneficiary has refused to assist in the project audit
- the beneficiary has terminated the project for which the funding was granted, reduced or altered it substantially or transferred it to another party
- the beneficiary has been subjected to recovery proceedings, placed into liquidation or bankruptcy, or made subject to restructuring proceedings
- the beneficiary or its representative has been convicted of an offence or ordered to pay penalties, in accordance with section 22 of the Act amending the Act on Discretionary Government Transfers
- the clawback of funding is required under European Union legislation

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- the beneficiary otherwise acts in a manner comparable to the matters in this section.

### **27.3 Interest**

The beneficiary must pay interest on the amount to be repaid or clawed back. The interest is applied from the date on which the funding was paid. It is calculated as an annual interest to which three percentage points are added. The annual interest is determined in accordance with section 3(2) of the Interest Act (633/1982).

### **27.4 Penalty interest**

If the beneficiary has not paid the amount to be repaid by the due date set by the Funder, an annual penalty interest must be paid on the outstanding balance of the loan. For the period after the due date, the penalty interest is in accordance with the interest rate referred to in section 4(1) of the Interest Act (633/1982).

### **27.5 Moderation of grant clawback**

Innovation Funding Agency Business Finland may decide that a part of the sum to be repaid or clawed back, and any interest or penalty interest on it, will not be clawed back if repayment full is unreasonable in light of the financial standing and circumstances of the beneficiary or in relation to the type of property acquired with the grant or in relation to the procedure on which the clawback is based or because of a change in circumstances. For an extremely weighty reason, Innovation Funding Agency may decide to totally waive the sum to be repaid or clawed back, or the interest or penalty interest on it.

### **27.6 Clawback time limit**

The grant and interest or penalty interest on it will not be clawed back if ten years have elapsed from the remission of the final instalment of funding for the project.

## **28 Funder's right of offsetting**

The funding to be repaid or clawed back and the interest on it may be deducted from the other funding provided to the beneficiary.

## **29 Misuse**

If, during the course of the project, there is reason to suspect that the beneficiary or a person acting on the beneficiary's behalf has committed a criminal offence under the Criminal Code (19 December 1889), with the Funder as the injured party, the Funder will take the required action in the matter.

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**30 Order of application**

In the event of a conflict between the funding decision and appendices to it, the following order of application will apply:

1. Funding decision and any special terms and conditions thereof
2. Funding terms and conditions
3. Cost estimate
4. Project plan
5. Funding application and its appendices
6. Any other documents relevant to the funding decision