

Document No:

For the purposes of providing the budgetary aid under Decree 7/2020 of 16 April 2020 of the Minister of Foreign Affairs and Trade on the aid to increase competitiveness, necessary as a result of the coronavirus pandemic, as designated in this Declaration,

the **Ministry of Foreign Affairs and Trade** hereby issues the following

OFFICIAL DECLARATION ON PROVIDING CASH INCENTIVE

on the day and at the place indicated below, subject to the following terms and conditions.

In accordance with the provisions of this Declaration, an incentive relationship is hereby established

by and between

the **Ministry of Foreign Affairs and Trade**,

Registered address: H-1027 Budapest, Bem rakpart 47.

Registry identification
number: 311344

VAT number: 15311344-1-41

Represented by: Péter Szijjártó, Minister of Foreign Affairs and Trade
(hereinafter: “**Donor**”), on the one hand,

and

[...]

Registered address:

Company registry
number:

VAT number:

Bank:

Bank account No:

Represented by:

(hereinafter: “**Beneficiary**”), on the other.

Background

On 2020, the Beneficiary submitted an application (aid application) No ... (hereinafter “**Application**”) for the aid provided in accordance with the Call for Proposal No VNT2020-1 announced for providing “aid for increasing competitiveness” on 20 April 2020 (hereinafter “**Call for Proposal**”) under Decree 7/2020 of 16 April 2020 of the Minister of Foreign Affairs and Trade on the aid for increasing competitiveness needed as a result of the coronavirus epidemic (hereinafter “**Decree**”). The documents of the Call for Proposal are attached hereto as **Annex 1**.

Following the assessment of the Application, the Donor established that the Beneficiary meets the conditions of the Call for Proposal, and therefore it issues the present Declaration.

In providing for the tasks as defined in this Declaration, **HIPA Nemzeti Befektetési Ügynökség Nonprofit Zártkörűen Működő Részvénytársaság** (registered address: H-1055 Budapest, Honvéd u. 20., VAT No: 27037612-2-41) acts as an implementing body (hereinafter “**Managing Body**”) under Chapter 4 of the Decree.

1. Subject of the Declaration; commitments

1.1. The Donor shall provide a non-refundable budgetary aid to the Beneficiary and the Beneficiary undertakes to fulfill the obligations set out in the Call for Proposal and in this Declaration.

1.2. The Beneficiary undertakes to maintain the average staff number of the 12 months preceding the submission of the Application, **that is, ... persons** as a base staff number (hereinafter “**Base Headcount**”) from ... until **the completion** of the investment indicated in the Application worth **HUF ...** (hereinafter “**Investment**”) **but at least until 31 December 2020.**

The content of the average staff number and the calculation of the average staff number shall be governed by the booklet entitled “Guidelines for the provision of labour statistics” issued by the Hungarian Central Statistical Office (HCSO), as follows:

The following employees shall not be included in the average staff number:

- persons on maternity leave from the first day of the maternity leave,
- recipients of various childcare benefits from the first day of such an unpaid leave,
- employees who have become incapable of work after a continuous illness for one calendar month,
- persons on unpaid leave for more than one calendar month,
- persons enlisted in reserve military service after one calendar month,
- persons suspended from their jobs,
- employees exempted from work during the period of notice,
- temporarily unemployed outworkers, from the date of the suspension of employment,
- members of the management whose work earnings do not exceed his share of profits under the management contract,
- persons employed for less than 60 (sixty) working hours per month on average according to the employment contract.

The average staff number is calculated according to the rules of average calculation used in statistical accounts. The average staff number is an indicator calculated on the basis of the record of the staff number that is kept continuously. The average shall be calculated on a monthly basis, taking into account the calendar days of the given month, i.e., the sum of the daily staff numbers, taking into account the staff number of the preceding day for holidays and rest days, shall be divided by the number of days of the month (which is the number of days of the full month in any case). The annual average staff number shall be 1/12 (one twelfth) of the sum of monthly average staff numbers, even if the employer worked only in a part of the year.

In assessing the Base Headcount, the average staff number shall be taken into account, thereby ignoring the fluctuation of the labour force and the change of the job of certain employees. The Base Headcount shall be determined on the basis of the HCSO reports concerning the 12 months preceding the submission of the Application, on the basis of the internal employment register covering the 12 months preceding the submission of the Application.

The Base Headcount shall also be verified on the basis of the relevant HCSO reports and the internal employment register, according to the average staff number of the entire commitment period.

1.3. The Beneficiary undertakes to implement (complete) the **Investment** until **30 June 2021** at the latest. The Investment completion date shall be the date on which the last activated supported asset is activated for accounting.

2. Payment and use of the Aid

2.1. The Donor shall provide a non-refundable budgetary aid of **HUF** ..., that is, ... forints, (hereinafter "**Aid**") to the Beneficiary in the form of an advance paid to the bank account indicated as part of the data of the Beneficiary within 60 days following the entry into force of this Document.

The Aid provided under this Declaration shall qualify as an aid under Section 3.1 of the Communication No C(2020) 1863 final of the European Commission of 19 March 2020 on the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (2020/C 91 I/01) as amended by Communication No C(2020) 2215 final of the European Commission of 3 April 2020 (2020/C 112 I/01) (hereinafter "**Communication**") and Decision No SA.56926 (2020/N) of the European Commission.

2.2. The amount of the Aid was determined taking into account the investment value indicated in the Application. Based on the value of the Investment, the amount of the Aid shall be ...% according to §10(2)(...) of the Decree or a sum denominated in HUF corresponding to EUR 800,000 according to §10(1) of the Decree. The amount of the Aid was determined in HUF in proportion to the amount of the Investment in EUR, based on the official exchange rate quoted by the Hungarian National Bank valid on the last working day of the month preceding the submission of the Application.

2.3. The Aid shall be covered by the funds provided to the Managing Body from the appropriation managed by chapters No 39 (Entitlement for aid to increase competitiveness, necessary as a result of the coronavirus pandemic) of Subheading 1 (Indicative appropriations) of Heading 7 (Appropriations managed by chapters) of Chapter XVIII (Ministry of Foreign Affairs and Trade) of Annex 1 to Act LXXI of 2019 on the central budget of Hungary in 2020.

2.4. The costs of the acquisition of tangible or intangible assets necessary for the implementation of the Investment incurred after the commencement of the Investment may be charged to the Aid in accordance with the provisions of the Call for Proposal.

2.5. The Beneficiary acknowledges that the state tax and customs authority shall provide data on the existence and amount of its public debts upon the electronic request of the Hungarian State Treasury. The Hungarian State Treasury shall transfer the amount of the public debt indicated in the data provision in an amount not exceeding the amount of the transfer order for the payment of the Aid to the state tax and customs authority by tax type or in proportion to the existing public debt if the Aid would not cover all public debts. The public debt corresponding to the withheld budgetary aid is considered to have been paid by the transfer.

3. Report on the use of the Aid

3.1. The Beneficiary shall submit a written report on the use of the Aid (hereinafter “**Report**”) to the Managing Body **within 30 days following the completion of the obligations** undertaken by the Beneficiary (**commitment period**) **but not later than 31 July 2021**.

3.2. In the Report, the Beneficiary shall declare that it used the Aid in accordance with the Declaration, lawfully and in a way as specified in the Declaration. The Beneficiary shall attach a summary of the accounting documents and the tangible asset record of the assets concerned to the Report. The summary shall include an indication of the accounting documents certifying the costs related to the fulfilment of the obligations and the signature of the Beneficiary. The summary sample is attached hereto as **Annex 2**.

3.3. The Managing Body shall assess the Report and notify the Beneficiary of the acceptance of the Report by the Donor and of the obligation to repay any unauthorized aid within 60 days after the submission of the Report or of the missing documents if any.

3.4. When assessing the Report, the Donor shall establish the actual value of the realised Investment in EUR at the exchange rate specified in §10(3) of the Decree. If the Donor finds that the Beneficiary is entitled to an aid of a lesser amount based on the actual value of the Investment, the Beneficiary shall be obliged to repay the difference between the Aid and the amount of the Aid in HUF corresponding to the actual value of the Investment. If the actual value of the Investment falls below the amount specified in §9(1)(f) of the Decree, the Donor shall withdraw the Aid in full. If the Donor finds that the Beneficiary failed to maintain the Base Headcount until the completion of the Investment, but at least until 31 December 2020, the Donor shall withdraw the full amount of the Aid.

3.5. In the event of non-compliance with or improper compliance with deadline set for the submission of the Report, the Managing Body shall request the Beneficiary in writing to fulfill its obligation or to rectify the deficiencies within 30 days as a maximum. If the Beneficiary does not submit the Report to the Managing Body despite the request, the Donor shall be entitled to withdraw the Declaration. Missing documents may be submitted on two occasions as a maximum. If the Beneficiary fails to comply with the rectification obligation or does not comply with it properly the Donor shall be entitled to withdraw the Declaration.

3.6. The Beneficiary is obliged to maintain the heavy goods vehicle specified in point X of Annex 3 to the Call for Proposals (Detailed rules for eligible and ineligible costs) procured from the Aid for 3 years after the completion of the Investment and within 30 days

after the end of the maintenance period submit a final report to the Managing Body if such a vehicle is included in the Report. The final report includes the investment property card and a copy of the vehicle's registration card and registration. Within 60 days of the submission, the Managing Body will examine the final report and the Donor will inform the Beneficiary of the acceptance or rejection of the maintenance obligation. The Donor shall inform the Beneficiary of the end of the maintenance period and the expiry date of the maintenance period in its statement of acceptance of the Report.

3.7. *If the Beneficiary violates its maintenance obligation or violates its obligation to submit the final report - and does not submit it within the additional deadline set by the Managing Body - the Donor is entitled to withdraw the official declaration.*

4. Verification of the use of the Aid

4.1. The Beneficiary acknowledges that the use of the Aid and its own resources may be verified by the Donor and the Managing Body and other bodies specified by law. During the audit, bodies entitled to verify may request data from the monitoring system operated by the Hungarian State Treasury (National Aid Monitoring System).

4.2. Verifications (including on-the-spot verification) may be carried out before the Donor's decision is taken, before the Declaration is issued, during the use of the Aid, after the fulfilment or closure of the undertaken obligations and for five years following the acceptance of the Report.

5. Amendment of the Declaration

5.1. This Declaration may be amended with a unilateral legal statement of the Donor in writing on the basis of the request sent by the Beneficiary to the Managing Body. The Beneficiary shall be entitled to submit a request for amendment until the fulfilment of the obligations at the latest.

5.2. The Beneficiary shall send its request for the amendment of the Declaration to the Donor in writing, stating the reasons. This Declaration may be amended only if the Supported Activity could have been supported under the conditions as amended, too.

5.3. If the Declaration is amended on the basis of the decision of the Donor, it shall enter into force upon the receipt of the amendment document by the Beneficiary, except for an amendment concerning the commitments. If the Declaration is amended with respect to an obligation undertaken by the Beneficiary, the amending document shall enter into force with the written legal statement on acceptance of the Beneficiary.

6. Breach of the provisions of the Declaration and its legal consequences; guarantee

6.1. In the event of unauthorized use, illegal or improper use of the Aid, the Donor may withdraw the Aid and this Declaration. Upon the withdrawal of the Declaration, the incentive relationship is terminated.

6.2. The Donor shall be entitled to withdraw the Declaration if at least one of the conditions set out below occurs:

- a) the Investment is not commenced within six months of the starting date specified in the Application,
- b) it is credibly proved that the Beneficiary provided incorrect and false information influencing the merit of the Donor's decision when submitting the Application,
- c) a circumstance as defined in §81 of Decree 368/2011 of 31 December 2011 of the Government (Ávr.) occurs or becomes known to the Donor after the Donor's decision is taken,
- d) the main obligations of the Beneficiary (maintenance of the Base Headcount and implementation of the Investment) are not complied with as specified in the Declaration and within or by the deadline xby the deadline, or their fulfilment is permanently hindered,
- e) for reasons attributable to him, the Beneficiary breaches its other obligations as provided for by Act CXCV of 2011 on Public Finances (Áht.), Ávr., the Decree or the Declaration,
- f) the Beneficiary withdraws any of its statements made pursuant to §75(2),
- g) the Beneficiary failed to comply with its reporting obligation or did not comply with it properly,
- h) the Beneficiary opens a new bank account and fails to submit a letter of authorization related to the new bank account within 10 days, or
- i) the Beneficiary does not have the necessary official permit for the Investment.

6.3. If the Donor withdraws the Dponsorship Document or obliges the Beneficiary to repay proportionately on the basis of the Report, the Beneficiary shall, at the request of the Donor, pay the amount to be repaid to repay to the indicated bank account within 30 days following the request of the Donor, increased by the transaction interest in accordance with §98(1)(a) of Ávr. and, in the event of delay, by an interest on arrears.

6.4. The Beneficiary acknowledges that if the repayment obligation is not fulfilled within the given deadline, the repayment obligation will be enforced by enforcing the recovery order based on the letter of authorization. The Beneficiary undertakes to provide the Donor with letters of authorisation related to the submission of a recovery order in favour of the Donor for all its bank accounts which may be debited by recovery orders in accordance with the law, together with a provision for queuing the claim for a maximum of thirty-five days in the case of a recovery order that cannot be executed due to lack of financial coverage.

6.5. The Donor shall withdraw the letters of authorization in its statement of acceptance of the Report, or, in case of a recovery, by its statement sent within 30 days following the fulfilment of the Beneficiary's payment obligation. If the Beneficiary has a maintenance obligation under point 3.6. the Donor shall send the letters of authorization in accordance with Section 3.6. in the declaration of acceptance of the final report, in case of recovery, by the declaration sent by the Beneficiary within 30 days after the fulfilment of the payment obligation.

6.6. The incentive relationship is terminated if the Beneficiary fails to submit the guarantee (letter of authorisation) to the Managing Body within 30 days after the issuance of the Declaration .

7. Entry into force

7.1. The entry into force of the Declaration is subject to the submission of the letters of authorisation under Section 6.4 by the Beneficiary within 30 days following the signing of the Declaration by the Donor.

7.2. Based on the data of the company register, the Beneficiary has the following Hungarian bank accounts:

Bank holding the account	Bank account No:

7.3. The sample of the letter of authorisation is attached hereto as **Annex 3**.

8. Other provisions

8.1. The incentive relationship under the present Declaration is established upon its being communicated to the Beneficiary under §48/A(2) of Áht.

8.2. The Beneficiary shall keep all documents related to the Aid for at least 10 years from the approval of the Report by the Donor.

8.3. If any of the circumstances as provided for in §96(a), (c), (d), (f), (h), or (i) of Ávr. occurs, or if there is a change in the Beneficiary's right to deduct taxes, in its other data or in other conditions of the Aid as specified in the Call for Proposal, described in the Application or set by law or the Declaration, the Beneficiary shall notify about it the Managing Body in writing within 8 days of becoming aware of it.

8.4. Data given in this Declaration are managed in accordance with the provisions of Act CXII of 2011 on the right to self-determination related to information and the freedom of information (Infotv.), and Regulation (EU) 2016/769 of the European Parliament and the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC; furthermore, information in this Declaration the disclosure or publication of which is required by a separate legal act in the public interest in accordance with the legislation in force shall not constitute a business secret. The Beneficiary shall undertake to cooperate with the Donor in the event of a request for access to data of public interest.

Data of the Aid under this Declaration pursuant to Annex 6 of Government Decree No 37/2011 of 22 March 2011 on the procedure related to state aids in the sense of European Union competition law and the regional aid map (hereinafter "**Atr.**") shall be published in the publication database of the European Commission under Section 44 of the Communication and Decision No SA.56926 (2020/N) of the European Commission. In view of this, the Beneficiary acknowledges and agrees that the Donor shall forward data of this Aid under Annex 6 of the Atr. to the organisation responsible for the assessment of state aids for the purposes of European Union competition law by 1 February 2021.

8.5. All legal statements relating to this Declaration shall be sent in writing, with a proof of the receipt, by post, courier or personal delivery. Written legal statement shall be sent by the Party to the other Party in advance by electronic means. The date of receipt of the legal statement shall be the date on which the legal statement is received by the addressee Party electronically.

This Declaration includes the Call for Proposal and the Application, and, together with any rectifications, the Declaration shall be interpreted together with these. The Declaration shall always be interpreted together with the Call for Proposal as in force.

Issues not provided for by this Declaration shall be governed by Decision No SA.56926 (2020/N) of the European Commission, Áht., Ávr., Act V of 2013 on the Civil Code, the Decree and the provisions of the relevant legislation.

The following **Annexes** are part of the Declaration even if physically not attached:

Annex 1: Proposal-related documents (Call for Proposal and the Proposal as submitted)

Annex 2: Summary of invoices – sample

Annex 3: Letter of authorisation – sample

This Declaration is made in 3 copies, of which 1 copy shall belong to the Donor, 1 copy to the Managing Body and 1 copy to the Beneficiary.

Budapest, 20...

.....
Péter Szijjártó
Minister of Foreign Affairs and Trade
Ministry of Foreign Affairs and Trade
Donor

Budapest, 20...

.....
...
Directorate of Finances
HIPA Nemzeti Befektetési Ügynökség Nonprofit
Zártkörűen Működő Részvénytársaság
Financial countersigner

Budapest, 20...

.....
...
Incentive Directorate

HIPA Nemzeti Befektetési Ügynökség Nonprofit
Zártkörűen Működő Részvénytársaság
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