

Innovate UK

[REDACTED]
Norton Motorcycles UK Ltd

[REDACTED]
DE74 2SG

File Ref: 113124

Application number: [REDACTED]

Date Thursday, November 24, 2016

Dear [REDACTED],

Technology Strategy Board: APC Exceptional Projects
Project Title: Super Light Twin

I am pleased to inform you that subject to the terms and conditions of this letter the Technology Strategy Board, an Executive Non-Departmental Public Body created under the Science and Technology Act 1965 and established by Royal Charter (English Company Number RC000818) whose registered office is at North Star House, North Star Avenue, Swindon, SN2 1UE, is prepared to make a contribution under section 5 of the Science and Technology Act up to a maximum of [REDACTED] ("the Grant") towards the eligible costs (estimated at [REDACTED]) of the Project as outlined in the proposal referenced above. The Project is to be carried out in collaboration with **Ricardo Vepro Ltd**, **EPM Technology Ltd** ("the Participants"), together with **Norton Motorcycles UK Ltd** ("the Lead Participant") who shall each, subject to the conditions contained in paragraph 1 below, receive the following sums:

<u>Company Name</u>	<u>Company Registration Number</u>	<u>Grant Amount</u>
Norton Motorcycles UK Ltd	[REDACTED]	[REDACTED]
Ricardo Vepro Ltd	[REDACTED]	[REDACTED]
EPM Technology Ltd	[REDACTED]	[REDACTED]

Innovate UK is the trading name of the Technology Strategy Board
Innovate UK, North Star House, North Star Avenue, Swindon SN2 1UE

Tel: [REDACTED]

Email: [REDACTED]

www.innovateuk.gov.uk

Financial support for the project is provided by the **Department for Business, Energy and Industrial Strategy ("BEIS")** as part of the industrial strategy for the UK automotive industry created with the Automotive Council and delivered through Advanced Propulsion Centre UK Ltd ("Advanced Propulsion Centre").

Competition contracting and funding will be administered by the Technology Strategy Board.

Terms and Conditions of the Offer

Although its legal name remains the Technology Strategy Board, its operating name is "**Innovate UK**", and it shall be referred to hereinafter as such.

1. Acceptance of Offer

- 1.1. This offer is conditional and will only be confirmed upon successful completion of the following steps **within three months of the date of this offer letter**:
 - 1.1.1. Innovate UK receiving acceptance of this offer in the prescribed form, as detailed in Annex 1a, duly signed by a director, or other authorised signatory of the Lead Participant; and
 - 1.1.2. Innovate UK receiving acceptance of this offer, as detailed in Annex 1b, duly signed by a director, or other authorised signatory of all Participants; and
 - 1.1.3. Innovate UK receiving a Collaboration Agreement signed by all Participants; and
 - 1.1.4. Innovate UK is in receipt of bank details for each Participant on its headed paper, as outlined in Annex 2. Each Participant shall ensure that its registered name and, in the case of industry participants, company number on the bank details it provides are the same as those in which it applied for Grant and accepted this offer by return of Annex 1, and its failure to do so may result in delays to the offer being confirmed and/or the offer being withdrawn; and
 - 1.1.5. Innovate UK receiving an initial **Financial Forecast** for each Participant showing the anticipated spend of the Project broken down into quarter year periods ("Quarters") throughout the life of the Project, commencing at Quarter 0 (from the start date of the Project), an example of which is provided at Annex 3. This should be sent promptly to the appointed Monitoring Officer ("MO") for onward submission to Innovate UK; and
 - 1.1.6. Innovate UK receiving a detailed **Project Plan** breaking down the original proposal for delivery of the Project into individual packages of work with assigned estimates of the resources and timescales needed to achieve each of them. An example of the information required is provided in Annex 4. This should be sent promptly to the appointed MO for onward submission to Innovate UK; and
 - 1.1.7. Innovate UK receiving a **Milestone Register** showing key milestones with an assessment of cost to each milestone. This should be sent promptly to the appointed MO for onward submission to Innovate UK. An example of the information required is provided at Annex 4; and
 - 1.1.8. Innovate UK receiving an **Exploitation Plan** for the Project, containing further information, including the market and business opportunities, from that provided in the original application, setting out how the Participants will exploit the results of the Project to increase the economic growth and quality of life of the nation states of the UK and/or EEA (the "Exploitation Plan"). This should be sent promptly to the appointed MO for onward submission to Innovate UK; and
 - 1.1.9. satisfactory completion of reviews by or on behalf of Innovate UK of the Project information and status of each of the Participants; and

- 1.1.10. the documents detailed in paragraphs 1.1.1 to 1.1.4 either:
- 1.1.10.1. posted in hard copy to Grants & Contracts Team, Technology Strategy Board, A1, North Star House, North Star Avenue, Swindon, SN2 1UE; or
 - 1.1.10.2. emailed in PDF format to the email address [REDACTED] quoting Innovate UK file reference above; or
- 1.1.11. such variation of the documents detailed in paragraphs 1.1.1 to 1.1.8 as Innovate UK and the Participants may agree in writing.
- 1.2. When the conditions specified in 1.1 have been successfully met, Innovate UK will send a Grant confirmation letter ("the Confirmation Letter") to the Lead Participant which may include additional conditions that reflect the reviews undertaken by, or on behalf of, Innovate UK. The offer of Grant, with the additional conditions, will become binding once acceptance of the Confirmation Letter has been signed, returned by the Lead Participant and received by Innovate UK. The Confirmation Letter should be sent to the addresses specified in paragraph 1.1.10 in either of the formats specified, to be received by the Technology Strategy Board within one (1) month of the date from which it was sent to the Lead Participant. If the acceptance conditions in paragraphs 1.1.1 to 1.1.9 are not met, within **three (3) months** of the date of this offer letter, or the Confirmation Letter is not returned within 1 month of issue, the offer of the Grant will lapse automatically without any further notice. However, the offer may be renewed or extended by Innovate UK in its absolute discretion.
2. **Start Date**
- 2.1. The Project shall not start until the Grant Confirmation Letter has been signed and returned by the Lead Participant to Innovate UK, unless the Lead Participant, on behalf of the Project consortium, has requested that the Project start before that time, and Innovate UK has consented to that request, in the manner outlined in paragraph 2.2. The Project Start Date ("the Project Start Date") and Project End Date ("the Project End Date") shall be as stated in the acceptance of the Grant Confirmation Letter completed by the Lead Participant, unless otherwise agreed by Innovate UK.
- 2.2. Where the Participants wish to start the Project before Grant confirmation, as described in paragraph 2.1, the Lead Participant, on behalf of the Project consortium, must submit a formal request to do so to Innovate UK, who shall approve or reject the request on its merits. The procedure for submitting such a request is outlined in Schedule 2 to this Conditional Offer Letter. Please note that, in any event, the Project may only start once all Participants have signed and returned Annex 1 of this Conditional Offer Letter.
- 2.3. Participants shall be solely liable for any costs incurred for work undertaken on the Project before the confirmed Project Start Date. Participants should be aware that in the event that work on the Project is undertaken before Grant Confirmation, in accordance with paragraph 2.2, and Grant Confirmation is not then achieved, the Participants will be liable for meeting any costs incurred due to that work being undertaken.
- 2.4. The term "Year" refers to consecutive 12-monthly periods starting on the Project Start Date, and the term "Quarter" refers to consecutive three-monthly subdivisions of each Year starting on the Project Start Date or its Quarterly anniversary.
- 2.5. The Project shall continue from the Project Start Date until Project Completion, which, for the purposes of this Agreement, is the Project End Date unless otherwise agreed by Innovate UK.
3. **Project Monitoring**
- 3.1. Innovate UK shall monitor the progress of the Project in accordance with Innovate UK's project monitoring guidelines as updated from time to time ("Project Monitoring Framework"). A copy of the current Project Monitoring Framework will be supplied to the Participants on request.

- 3.2. The Project shall be assigned a MO who will be the primary point of contact for the Project over its lifetime, and will monitor the Project throughout and report progress to Innovate UK on a periodic basis.
- 3.3. If during the Project the Lead Participant is or becomes aware of any impediment relevant to the progress, outcomes or exploitation of the Project, the Lead Participant shall promptly inform Innovate UK, via the MO.
- 3.4. The Project will be monitored on a quarterly basis. Such monitoring will comprise Quarterly Review Meetings ("QRM") between the Project and the MO to review the Project's progress, and may include include a Project visit. Dates for reviews should be agreed directly with the MO.
- 3.5. At Project Completion, the Lead Participant will be required to supply the MO with the following:
 - 3.5.1. the Final Report; and
 - 3.5.2. confirmation that the **Independent Accountant's Report** has been submitted, for each Participant, as required in Annex 6; and
 - 3.5.3. confirmation that the final claim has been submitted.

4. **Participant's Obligations following Confirmation of Award**

It is a condition of the Agreement that the Participants shall comply with the following:

- 4.1. each Participant must register on _connect, Innovate UK's web-based platform, through which the Project will be monitored and administered. Each Participant is required, therefore, to provide the contact details of the authorised individual who will be accessing _connect in connection with the claims administration of the Project on behalf of the Participant, as set out in Annex 1. Registration requires the authorised individual to go on to _connect, by visiting the website [REDACTED], and click the "register" link. Once the authorised individual has submitted the required details, they will receive an activation code to complete the registration process. The email address used to create the account **MUST** be the same as the Finance and Claims contact as completed in Annex 1; and
- 4.2. each Participant **must** submit a forecast upon registration on _connect, in order to ensure that accruals have been made for your future grant requirements;
- 4.3. the Lead Participant must ensure that the Project is managed in accordance with the Project proposal, the Project Plan, the Collaboration Agreement and the terms of this Agreement, including the prompt submission of Grant claims by itself and the other Participants;
- 4.4. the Lead Participant must appoint a project manager to carry out the day-to-day management of the Project and to act as the focal point for all contact with Innovate UK;
- 4.5. the Lead Participant must provide Innovate UK with the **Final Report** of the Project within 3 months of the Project End Date (or such other date as agreed between the parties in writing), which should be emailed as a PDF to [REDACTED];
- 4.6. the Lead Participant must inform Innovate UK promptly in writing of any cessation of work on the Project and of any event or circumstance likely to affect significantly the ability of the Project to deliver the aims of the Project as set out in the Project proposal, the Project Plan or the Exploitation Plan. The Lead Participant shall also inform Innovate UK in writing as soon as it becomes aware that any of the events referred to in paragraph 7 has taken place;
- 4.7. the Participants must ensure that Grant claims are submitted promptly as required by paragraph 5;
- 4.8. Failure to comply with any of the conditions in this paragraph 4 will result in claims being neither processed nor paid.

5. **Financial**

- 5.1. The Grant will be payable against the net eligible costs (as defined and detailed in the applicable Innovate UK guidance) incurred and paid on or after the Project Start Date and on or before the Project End Date declared by the Lead Participant in the acceptance of the Grant Confirmation Letter. The individual Grant rates for each Participant will be confirmed in your Grant Confirmation Letter. Subject to paragraph 7, the Grant will be payable by instalments on submission by the Participants of a claim and the supporting information set out in paragraph 5.3.
- 5.2. Except and unless otherwise otherwise agreed and provided for in the Special Conditions at Schedule 1, claims for costs incurred and paid must be submitted promptly on a quarterly basis commencing from the Project Start Date.
- 5.3. Claims must be supported by the following:
- 5.3.1. a current forecast as at the claim date of the Project costs to the end of the Project, detailing for the each Participant the expected costs for each future claim period, entered with the claim by each Participant and highlighting any significant variations from the last forecast; and
 - 5.3.2. confirmation that each Participant has incurred and paid the eligible costs in respect of which claims have been made. For this purpose a report in the form set out in Annex 7 (the "Accountant's Report") must be provided by a qualified independent accountant of the Participants (the "Independent Accountant") **at every interval set out in Annex 6**. The Independent Accountant must be appointed by the Participants in accordance with the Terms of Engagement set out in Annex 5. All costs must be supported by an Independent Accountant's Report, and any uncertified costs will be ineligible for grant.
 - 5.3.3. if requested by Innovate UK, the latest published annual accounts or management accounts of the Participants. For the avoidance of doubt, nothing in this paragraph shall require the Participants to provide financial information in breach of any law, order or regulation restricting such disclosure; and
 - 5.3.4. In exceptional circumstances, Innovate UK may also require an Accountant's Report to be submitted before the final claim. Such exceptional circumstances shall include without limitation:
 - 5.3.4.1. withdrawal from the Project,
 - 5.3.4.2. termination of the Project,
 - 5.3.4.3. a claim disclosing expenditure substantially greater than forecast, or
 - 5.3.4.4. a suspicion of a breach of this Agreement.
- 5.4. When making claims pursuant to paragraph 5.1, the following applies:
- 5.4.1. recoverable Value Added Tax ("VAT") is not an eligible cost for claims purposes;
 - 5.4.2. claims must be for costs incurred and paid for wholly completed quarters only (the Participants are not allowed to submit more than one claim to Innovate UK relating to any particular calendar quarter), except for the final Quarter where the Participants may submit a claim for costs **incurred** but not necessarily defrayed prior to the Project End Date, provided that:
 - 5.4.2.1. the payment is for eligible labour, overhead and/or travel and subsistence costs **only**;
 - 5.4.2.2. the payment is defrayed within **30 days** of the Project End Date; and
 - 5.4.2.3. the payment is included within the final Independent Accountant's Report.

Failure to comply with this paragraph 5.4.2 will result in Innovate UK reclaiming Grant against all such costs incurred.

- 5.4.3. once a claim and the supporting documentation set out in paragraph 5.3 has been received by Innovate UK , the corresponding Grant will normally be paid within 30 days, unless it is necessary for Innovate UK to seek further information to support the claim;
- 5.4.4. where Innovate UK needs to seek further information to support or understand the claim, Innovate UK agrees to contact the Participants within 14 days of the claim being received.
- 5.5. Innovate UK shall be under no obligation to pay any claim received by Innovate UK more than **30 days** after the Quarter during which the eligible cost(s) specified in the claim was incurred and paid by the Participants;
- 5.6. Innovate UK shall be under no obligation to make any payment on claims received later than **3 months** after completion of the Project, and there will be a general presumption that claims received after this date will not be paid;
- 5.7. Innovate UK reserves the right not to consider new applications from organisations who have failed to return required financial reports on any projects funded by Innovate UK.
- 5.8. Notwithstanding the provisions of paragraph 5, Innovate UK is under no obligation to pay more than 85% of the Grant to the Participants until all outstanding claims and their supporting information, as set out in paragraph 5.3, have been received and the final Accountant's Report has been approved, such approval not being unreasonably withheld or delayed. Failure to comply with the provision of the Accountant's Report shall be considered to be a breach of the Agreement under paragraph 7.4.
- 5.9. Innovate UK and the Participants are jointly and individually responsible for maintaining detailed records with the information and supporting documentation necessary to establish that all the conditions set out in this grant offer letter comply with all applicable State aid rules, as outlined in paragraph 9. Such records shall be maintained for 10 years following the granting of the aid and shall be made available to the Commission within a period of 20 working days if requested.
- 5.10. Innovate UK reserves the right to appoint an auditor to ensure compliance with the terms and conditions of the Agreement ("the Auditor") and the Participants agree to grant the Auditor access within two (2) weeks of notice of their appointment. In the event that the Auditor determines that the Participants should repay Grant to Innovate UK, Innovate UK reserves the right to recover the cost of the Auditor's work on this project.

6. **Changes to the Project**

- 6.1. In the event that during the period of the Project, any material change occurs, or is likely to occur, to:
 - 6.1.1. the expected delivery timescales or outcomes for any work package or the Project as a whole; or
 - 6.1.2. the Project's costs, budget, or allocation of costs between budget line headings (**only where the virement value exceeds £100**); or
 - 6.1.3. the ability of the Participants to deliver the Project in accordance with the Project Plan and the Exploitation Plan;

then the Lead Participant must inform Innovate UK's MO promptly and work with Innovate UK to ensure a mutually acceptable beneficial arrangement can be agreed.

7. **Suspension, Withdrawal and Repayment of Grant**

- 7.1. There may be occasions when Innovate UK is required to suspend, withdraw or reclaim the

Grant in whole or in part. In doing so Innovate UK shall at all times act reasonably and in consultation with the Participants. Innovate UK will use reasonable efforts to minimise the impact of any such actions on the ability of the Participants to deliver the Project's outcomes as set out in the Project proposal and Exploitation Plan. In such circumstances, Innovate UK will notify the Participants and, where reasonable, work with the Participants to resolve any underlying issues before taking such action.

- 7.2. In particular, but not exclusively, Innovate UK may immediately **suspend** Grant payments to the Participant in the event of any of the following:

- 7.2.1. the failure of the Project to provide any of the information required in paragraph 5;
- 7.2.2. the reasonable suspicion of fraud involving the Participant;
- 7.2.3. failure to maintain satisfactory progress on the Project;
- 7.2.4. any material changes to the proposed outcomes of the Project;
- 7.2.5. the project is insufficiently resourced or managed to achieve delivery;
- 7.2.6. the material failure of the Participant to use reasonable efforts to progress the Project or perform the work it agreed to perform under the Project Plan and/or Exploitation Plan submitted to Innovate UK; or
- 7.2.7. the Participants do not comply with, or observe, any other condition of this Agreement;

such payments of Grant remaining suspended until the breach has been rectified by the Participant, to the satisfaction of Innovate UK, within a maximum of 14 days of that breach having been notified, or within an alternative time scale, as determined by Innovate UK in its sole and absolute discretion, and considered reasonable in the circumstances for such corrective action(s) to be commenced and/or completed.

- 7.3. In particular, but not exclusively, Innovate UK may **withdraw** future Grant payments to the Participant in the event of any of the following:

- 7.3.1. the Participant fails to remedy a breach in the time scales permitted by paragraph 7.2, or such a breach is not reasonably remediable;
- 7.3.2. any error in the Project proposal which significantly changes the expected benefits accruing from the Project or its exploitation, and corrective action cannot reasonably be taken by the Participant;
- 7.3.3. a Participant becomes insolvent, or is declared bankrupt, or is placed into receivership, administration or liquidation, or a petition has been presented for its winding up, or it enters into any arrangement or composition for the benefit of its creditors, or it is unable to pay its debts as they fall due, or the Participant does or suffers anything substantially equivalent to any of the foregoing;
- 7.3.4. there is any change in the legal status or the actual or effective ownership or control of the Participant;
- 7.3.5. there is a breach of the state aid rules as set out in paragraph 9.

- 7.4. In particular, but not exclusively, Innovate UK may require **repayment** of Grant already paid from the Participant in the event of any of the following:

- 7.4.1. an overpayment of Grant has occurred, whether disclosed by a report or otherwise and as soon as demanded by Innovate UK, or upon the Participant becoming aware of such overpayment, whichever occurs first;

- 7.4.2. it is found that a Participant, knowingly or unknowingly, has provided false information associated with, or in support of, its application for Grant funding;
- 7.4.3. fraud, or claiming Grant against ineligible costs or costs not actually incurred and paid;
- 7.4.4. a material element of the Grant being used for purposes unconnected with the Project;
- 7.4.5. the Participant has breached state aid rules as set out in paragraph 9.

8. Confidentiality and Information Management

- 8.1. Innovate UK reserves the right to request from the Participants access to any additional information deemed necessary by Innovate UK in connection with this Grant. The Participants must provide or allow access to such requested information within two (2) weeks of such a request.
- 8.2. Innovate UK shall retain the Participants' Personal Data and Confidential Information in confidence and only use such information as detailed in Innovate UK's Information Management Policy, as published on its website. Information shall only be disclosed by Innovate UK in accordance with the Information Management Policy (obtained from [REDACTED]), and paragraph 12.

9. State Aid Obligations

- 9.1. The Participants shall not act in any way to undermine Innovate UK's ability to comply with the terms of its Research, Development and Innovation Scheme (TSB2/2014) operating under Commission Regulation (EU) No 651/2014 ("the General Block Exemption Regulation (GBER)").
- 9.2. The Participants must inform Innovate UK of any other public funding applied for or awarded against the eligible costs covered by this offer. It is the responsibility of the Participants to ensure that its cumulative total of public funding does not exceed those limits stated in TSB2/2014 and GBER.
- 9.3. No payments shall be made to the Participant(s) if it becomes subject to a recovery order following a previous Commission decision declaring any aid illegal and incompatible with the internal market.
- 9.4. The Participants confirm that they are not a company in difficulty as defined in Article 2.18 of GBER and commits to informing Innovate UK as soon as reasonably practicable of a change in this status. Innovate UK reserves the right to terminate the agreement if the Participant's status changes.
- 9.5. Further to paragraphs 7 and 9.1, Innovate UK may vary or withhold any or all of the payments and/or require repayment of grant already paid, **together with interest from the date of payment at the applicable legislated rate**, if Innovate UK is required to do so as a result of a decision by the European Commission arising from a breach of State aid regulations.
- 9.6. No subcontract may be made which would constitute a breach of State aid obligations.

10. Intellectual Property

- 10.1. For the avoidance of doubt, Innovate UK has no interest in the ownership of any intellectual property rights ("IPRs") or other rights developed under or arising as a result of the Project, or in the terms of any IPR licences executed by the Participants, beyond ensuring that the results and exploitation of the Project detailed in the Project proposal and Exploitation Plan are capable of being achieved. Innovate UK also has no financial interest in or claim over any financial benefits arising directly or indirectly from the Project beyond the right to withdraw or reclaim the Grant as set out in paragraph 7.1.

- 10.2. Throughout the Project term, the Participants shall make commercially reasonable enquiries concerning pre-existing third party IPRs that may adversely affect the achievement of the intended Project objectives and/or outcomes and shall use its best endeavours to ensure that there are no impediments to the effective carrying out of the Project and/or the exploitation of the Project's results. In the event of a successful claim being made against the Participants for a breach of IPRs relating to the Project, Innovate UK reserves the right to reclaim Grant paid.

11. Exploitation of Project Results

- 11.1. The Participants are expected promptly to refine and update the Exploitation Plan, which is a key deliverable of the Project, to reflect the results as the Project progresses.
- 11.2. During the period starting on the date on which the final payment of Grant is made and ending five (5) years thereafter (the "Exploitation Period") the Participants shall take reasonable steps to exploit the results of the Project as set out in the Project proposal and/or Exploitation Plan, or by other means acceptable to the Participants and Innovate UK. Innovate UK is prepared to consider alternative means of exploitation where this brings increased economic growth or improved quality of life to the UK or wider European Economic Area ("EEA") equivalent to that offered by the Project proposal.
- 11.3. On Project Completion, and for a period of up to 5 years thereafter, Innovate UK may wish to evaluate the impact of funding awarded to the Project. The Participants are expected to comply with all reasonable requests for information made for this purpose.

12. Statutory Framework

- 12.1. Innovate UK is subject to the requirements of the Freedom of Information Act 2000 ("FOIA"). Where any request is made to Innovate UK under FOIA for the release of information relating to the Project, and such information would reasonably be considered as confidential, Innovate UK shall notify the Participants of the request as soon as is reasonably practicable after becoming aware of it. Innovate UK shall not disclose any information belonging to a Participant without first considering and discussing with the authorised signatory of the Participant whether sections 41 and/or 43 of the FOIA are applicable.
- 12.2. Innovate UK agrees to comply and have adequate measures in place to comply fully and at all times with the provisions and obligations contained in the Data Protection Act 1998, as amended from time to time.

13. Publication of Information

- 13.1. Innovate UK and Advanced Propulsion Centre publicise the results of competitions and applications. This includes posting material on their websites, making references to projects at events, social media activity, references in presentation material, and engagement with the media. In accepting the Award, the Participants agree to Innovate UK and Advanced Propulsion Centre making publicly available on their websites the Project Title, the public description of the Project already provided for publicity purposes, and the corporate identities of the Participants associated with the Project.
- 13.2. The Participants are actively encouraged to seek their own publicity. Advanced Propulsion Centre (and, in exceptional circumstances and at all times in coordination with Advanced Propulsion Centre, Innovate UK) may, however, have specific requirements on timing, on occasions when a Government announcement is due to take place involving a specific competition or project. If this happens, Advanced Propulsion Centre (or, in exceptional circumstances and at all times in coordination with Advanced Propulsion Centre, Innovate UK) will contact the Participants to request its publicity is aligned with the Government announcement and that it defers any publicity until an agreed date.
- 13.3. Should the Participants wish to publicise the Project (including by way of industrial events, direct public engagement or via media outlets) it is requested that the Participants advise Advanced Propulsion Centre Communications Team. Guidance on the content of statements and use of

Advanced Propulsion Centre branding is available from the Communications Team at Advanced Propulsion Centre contactable via [REDACTED]

14. Dispute Resolution

- 14.1. In the event that a dispute arises between Innovate UK and the Participants, the affected parties shall attempt to resolve such dispute in the first instance by referring the matter to their Chief Executive Officers, or nominated equivalent, who will meet to try and negotiate a settlement in good faith. In the event that these Officers are unable to resolve the matter to the satisfaction of all parties, the parties hereby agree to submit to arbitration by the London Court of International Arbitration ("LCIA"), the decision of which shall be binding on all of them.

15. General

- 15.1. In the event that Innovate UK's ability to deliver Grant funding is significantly affected by *Force Majeure* or circumstances beyond its control, including but not limited to changes in laws, UK Government or devolved administration policy and/or European Union policy or regulations, it may, in its absolute discretion, terminate the Grant and discontinue payments to the Participants by giving the Lead Participant, with due regard to the circumstances, such reasonable notice as possible, and in writing, of its decision to terminate the Award. In such circumstances, and unless illegal or unethical factors have contributed to the decision to terminate the award, Innovate UK will meet any eligible Project costs reasonably incurred by the Participants prior to the date of termination.
- 15.2. Innovate UK reserves the right to vary the terms and conditions of this offer letter unilaterally and at any time by giving the Lead Participant three (3) months' notice of any such variation before it is due to take effect.
- 15.2.1. It is the responsibility of the Lead Participant to communicate any such change to the other Participants when the Lead Participant is notified in accordance with paragraph 15.2.
- 15.3. The Participants may not assign, transfer, sub-contract, or in any other way make over to any third party any of its rights or obligations under this Agreement.
- 15.4. Failure to exercise, or any delay in exercising, any right or remedy provided under this Agreement or by law shall not constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict any further exercise of that or any other right or remedy.
- 15.5. This Agreement shall not create any partnership or joint venture, nor any relationship of principal and agent, between the parties, nor authorise any party to make or enter into any commitments for or on behalf of the other party.
- 15.6. This Agreement is made solely for the benefit of the parties to it and it is not intended to benefit or be enforceable by any other person.
- 15.7. Innovate UK :
- 15.7.1. accepts no liability for any consequences, whether direct or indirect, that may come about from the Participants undertaking the Project, the use of the Grant, or the withdrawal of the Grant; and
- 15.7.2. limits its liability to payment of the Grant in any event.
- 15.8. This agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England.
- 15.9. No Grant funded activity should be used to further party political considerations, or for party political purposes, or for lobbying for political parties, nor should personal political views

OFFICIAL

influence project activity in relation to the Grant. Should this term be breached it may lead to the suspension, withdrawal or clawback of the Grant by Innovate UK.

16. **Special Conditions**

- 16.1. The Special Conditions at Schedule 1 are incorporated as terms of this Offer Letter.
- 16.2. In the event of a conflict between a Special Condition and any other term of this Offer Letter, the Special Condition shall prevail.
- 16.3. For the avoidance of doubt, to the extent that a Special Condition expands upon or supplements any other term of this Offer Letter, it shall not be held to be in conflict with it.

17. **Entire Agreement**

- 17.1. Acceptance of this offer constitutes agreement in full to the terms and conditions set out in this letter and Confirmation Letter ("the Agreement"). No amendment to the terms of this Agreement will be effective unless and until confirmed in writing by, and on behalf of, Innovate UK. This Agreement constitutes the entire agreement between Innovate UK and the Participants relating to this Grant, although it is understood that Innovate UK may have relied upon representations made by the Participants prior to the acceptance of the Grant. For the avoidance of doubt, no representations have been made by Innovate UK and relied upon by the Participants relating to this Agreement.

Yours sincerely



**Chief Operating Officer
On behalf of the Technology Strategy Board**

Schedule 1**SPECIAL CONDITIONS**

For the avoidance of doubt, in the event of any contradiction between the terms and conditions and these Special Conditions then these Special Conditions shall take precedence.

1. REPORTING ON ECONOMIC OUTCOMES TO BEIS AND INNOVATE UK

BEIS will be required to report to Ministers, Parliament and the wider public on the impact of publicly funded Advanced Propulsion Centre ("APC") projects. This schedule sets out what BEIS will require the Project to report. The objective is to capture the full economic impacts of the APC programme at the least administrative cost to businesses. To this end, BEIS will meet the Project to propose a standardised approach to obtain the most practical way of providing the information that is required of each project at the least cost.

1.1. REPORTING REQUIREMENTS

1.1.1 The overall objective is to capture the true economic impacts of the programme through the reporting of robust, credible and timely data; therefore the Project should report its failures as well as its successes. This information will be used by APC and BEIS to appraise the process, original assumptions and evaluate the overall programme. The majority of reporting will compare original projections to realised outputs. BEIS also want to track the performance of technologies and organisations after the intervention. These objectives, data required and frequency are summarised in the table below:

Objective	Data	Frequency
1) Measure the realisation of economic benefits forecast in original bid	Report on Section 4 of the application for Grant funding submitted: jobs; CO2 savings; fuel savings; sales; R&D investment; and up-skilling.	Reports to be submitted to BEIS and Innovate UK ('the Funders') to a timeline, to be agreed by the Funders in their absolute discretion.
2) Track technology outputs for future evaluation	Technology identifier, technology performance and Sales (IP, supply chain and market sales) relating to technologies developed through the APC	Reports to be submitted to BEIS and Innovate UK ('the Funders') to a timeline, to be agreed by the Funders in their absolute discretion.
3) Track the performance of companies that have received APC support	Capital investment, Skills Investment and R&D investment	Reports to be submitted to BEIS and Innovate UK ('the Funders') to a timeline, to be agreed by the Funders in their absolute discretion.

1.1.2 BEIS expect the Project to report data in a timely and accurate manner. Independent verification of the data provided may also occur and the Project agrees to co-operate fully with BEIS, APC and Innovate UK during this exercise. Failure to report on monitoring requirements could result in the withholding of funding.

- Each member of the consortium to nominate an individual responsible for reporting
- Consortium will agree to flag any information that is too costly to collect and the final reporting requirement will be agreed with BEIS, APC and Innovate UK
- Agree reporting timings

- To meet the requirements for economic monitoring information, the Project must report on a six monthly basis, unless otherwise agreed, using the template provided. This will be provided to the Lead Participant via the secure ftp site used to submit the original application, and using the secure login and password provided at the time of the original application to access and download it.

1.1.3 Failure to report on economic monitoring requirements could result in the withholding of funding.

1.1.4 Project data is defined as including but not limited to:

- Project work plans, timelines and project plans, project progress reports and progress reviews.
- Data created, measured or recorded during analysis, visualisation and experimentation, directly related to the project or indirectly related if used to determine results, conclusions or decisions within the project scope.
- All analyses, conclusions and other outcomes from the project related work, including these related to product design, operation and performance.
- Access to computer models, files, documentation and other material resulting from project work, project reviews and project reports.
- Project monitoring and meetings will be undertaken by representatives of Innovate UK, BEIS and APC and any other individuals as may be agreed with the Project.

1.1.5 APC will work with Innovate UK and your consortium on delivering this Project. Specifically in this regard, APC will provide the following services to the Project Participants:

- Support during the application, Project monitoring and close out phases;
- Assistance with industry engagement events for the Project team; and
- Support in the provision of reporting overall progress to the Automotive Council and BEIS.

Please note that the provision of such services to the Project Participants by APC is a requirement for receiving Grant in accordance with this offer letter.

1.2. PAYMENT TO APC

1.2.1 APC will be remunerated for the services it provides, as outlined in the paragraph above, by payment of a fee by every grant receiving Participant, which will be calculated as 3.5% of grant value to the Participant in question.

1.2.2 This fee will be invoiced by APC, on a quarterly basis, to each affected Participant in line with grant claim **submissions**. Unless otherwise agreed between APC and the Participant, Participants will be expected to pay the fee within **30 days** of invoice date.

1.2.3 For the avoidance of doubt, APC is VAT registered in the United Kingdom, and will charge VAT, where applicable, at the prevailing rate.

1.3. ANNUAL REVIEW

1.3.1 The Project will be subject to an **annual review** ("the Annual Review"), during which executive representatives from the Lead Participant, and if required other Project Participants, will present an updated strategic rationale for the Project to members of senior management from APC, TSB and/or BEIS.

1.3.2 The purpose of the Annual Review is to understand how changes in business environments have altered the following:

- The strategic alignment of the Project Participants with the outputs of the Project;
- The commercial viability of the technologies and other outputs developed through the Project;

OFFICIAL

- The commitment of the Project Participants to finance the next stages of the Project and the ensuing commercialisation of technologies developed through the Project.

1.3.3 The date(s) of the Annual Review meeting(s) shall be within **3 months** of each anniversary of the Project Start Date and set by APC in consultation with the Lead Participant.

1.3.4 The content and structure of the Annual Review shall be agreed, in advance, by APC (and BEIS and the TSB, where required) and the Lead Participant.

Schedule 2**PROCESS FOR REQUESTING PROJECT START BEFORE GRANT CONFIRMATION**

Once all Participants have returned Annex 1 signed to Innovate UK in accordance with paragraphs 1.1.1 and 1.1.2 of the Conditional Offer Letter, the Participants shall take the following steps to seek permission from Innovate UK to start their project before Grant confirmation.

Please note that the process for requesting to start the project before grant confirmation is different from all other change requests, which should be communicated formally by the Lead Participant to the Monitoring Officer in the first instance, in accordance with paragraph 3.1 of the Conditional Offer Letter:

	Action(s) required	Approximate timeframes
Step 1	<p>The Lead Participant, on behalf of all Participants, notifies Innovate UK of its request to start the Project before the Grant is confirmed, by emailing [REDACTED]. The request should set out:</p> <ul style="list-style-type: none"> I. That the request relates to an APC project, stating project number and project name II. the date from which the project wishes to start*; and III. justification(s) for its request. IV. A draft Project Plan <p><i>* A project may only start from the date that all participants have signed and returned Annex 1 of the COL</i></p>	Working day 0
Step 2	Innovate UK considers the request based on the justification(s) provided, in consultation with BEIS and the APC, and refers the request to BEIS – as the funding organisation – for a final decision.	By working day 10
Step 3	Once a decision has been reached, the APC notifies the Lead Participant that the request has been approved or rejected .	By working day 15

ACCEPTANCE OF CONDITIONAL OFFER

Technology Strategy Board: APC Exceptional Projects

Project: Super Light Twin

File Ref: 113124

Application Ref: [REDACTED]

Project Duration (months): 24

Offer Letter Date: Thursday, November 24, 2016

Please note that your project has now been given Innovate UK File Reference number: 113124.

You are required to use this File Reference number in all future communications with Innovate UK.

Please note: Projects will not be visible on the _connect platform until all the offer letter conditions have been met and the grant confirmation letter has been received by Innovate UK.

Total eligible project costs [REDACTED]

Grant offered: [REDACTED]

The Project Manager is

- a. Name:
- b. Address:
- c. Telephone:
- d. E-mail:

The contact for finance and claims is

- a. Name:
- b. Address:
- c. Telephone:
- d. E-mail:
- e. Date registration on _connect completed.....

The Organisation:

- confirms that it has its own funding in place to manage the cash flow of the project and
- accepts the offer set out above.

Signed:

Name:

Date:

Director or duly authorised Officer for and on behalf of **Norton Motorcycles UK Ltd**

ACCEPTANCE OF CONDITIONAL OFFER**Technology Strategy Board: APC Exceptional Projects****Project: Super Light Twin****Application Ref:** [REDACTED]**File Ref: 113124****Offer Letter Date: Thursday, November 24, 2016****Declaration by Participating Organisation**

I*, on behalf of Ricardo Vepro Ltd one of the organisations participating in the Project which is the subject of Innovate UK's offer letter of **Thursday, November 24, 2016**, hereby confirm that, in consideration of Innovate UK becoming bound to fulfil the obligations undertaken by it in the above offer letter upon acceptance thereof by **Norton Motorcycles UK Ltd**, Ricardo Vepro Ltd accepts all the terms and conditions set out in the offer letter and requiring the compliance of, or imposing any obligation on Ricardo Vepro Ltd as a Participant in the Project. I undertake to Innovate UK that Ricardo Vepro Ltd will do all such things and provide all such information, documentation and assistance as is required of it or necessary to be produced by it under the terms of the offer letter.

The contact for finance and claims is

- a. **Name:**
- b. **Address:**
- c. **Telephone:**
- d. **E-mail:**
- e. **Date registration on _connect completed**

The Participant:

- confirms that it has its own funding in place to manage the cash flow of the project and
- accepts the offer set out above.

Signed**Director or duly authorised Officer for and on behalf of Ricardo Vepro Ltd****Date**.....

* insert name and position

ACCEPTANCE OF CONDITIONAL OFFER**Technology Strategy Board: APC Exceptional Projects****Project: Super Light Twin****Application Ref:** [REDACTED]**File Ref: 113124****Offer Letter Date: Thursday, November 24, 2016****Declaration by Participating Organisation**

I*, on behalf of EPM Technology Ltd, one of the organisations participating in the Project which is the subject of Innovate UK's offer letter of **Thursday, November 24, 2016**, hereby confirm that, in consideration of Innovate UK becoming bound to fulfil the obligations undertaken by it in the above offer letter upon acceptance thereof by **Norton Motorcycles UK Ltd**, EPM Technology Ltd accepts all the terms and conditions set out in the offer letter and requiring the compliance of, or imposing any obligation on EPM Technology Ltd as a Participant in the Project. I undertake to Innovate UK that EPM Technology Ltd will do all such things and provide all such information, documentation and assistance as is required of it or necessary to be produced by it under the terms of the offer letter.

The contact for finance and claims is

- a. **Name:**
- b. **Address:**
- c. **Telephone:**
- d. **E-mail:**
- e. **Date registration on _connect completed**

The Participant:

- confirms that it has its own funding in place to manage the cash flow of the project and
- accepts the offer set out above.

Signed

Director or duly authorised Officer for and on behalf of EPM Technology Ltd

Date.....

* insert name and position