

**GLDK O**

# **Green Labs DK Rules**

**Unofficial translation. In case of discrepancy  
the Danish version will prevail.**

**12 June 2023**

## Contents

1	Start of establishment.....	4
1.1	Funding and letter of commitment.....	4
1.2	Commitment holder .....	4
1.3	Letter of commitment.....	4
2	Establishment process.....	4
2.1	Accounting records.....	4
2.2	Who and what costs are eligible for funding? .....	4
2.3	Payment of funding .....	5
2.4	Changes in the establishment process must be authorised .....	6
2.5	Tax and VAT .....	6
2.6	Annual reports .....	6
2.7	Supplementary information for GLDK .....	6
3	Completion of establishment .....	6
3.1	Final report .....	6
3.2	Final financial statements.....	7
4	Operation .....	7
4.1	Marketing.....	7
4.2	Conditions for access to facilities .....	7
5	Lapse of commitment/repayment of funding .....	8
6	Audit.....	8

## Introduction

These Green Labs DK Rules apply for payment of funding, reporting and financial reporting etc. for commitments from Green Labs DK. The Green Labs DK Rules apply in connection with commitments given following a call for applications from Green Labs DK.

Calls for applications from Green Labs DK comply with Commission Regulation (EU) no. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

The following forms and deadlines are used in connection with the establishment of Green Labs:

<b>Letter of commitment and project information form</b>	Signed no later than one month after the date of commitment
<b>Annual report form</b>	Each year, by no later than 30 June for the previous June to May period.
<b>Collaboration agreement</b>	No later than six months after the date on the letter of commitment.
<b>Request for payment</b>	Twice a year.
<b>Final report</b>	A final report for the establishment phase should be submitted on the date of completion.
<b>Final financial statements</b>	No later than two months after the end date for the establishment period.
<b>Operating report</b>	Every year for the first five years of the operating period Deadline for submission, by no later than 31 July for the previous July to June period.

When submitting reports etc. state the project name and case number, as stated by GLDK.

Funding to establish Green Labs is granted pursuant to:

- Consolidating Act no. 895 of 28 August 2019 on an Energy Technology Development and Demonstration Programme and on the Green Labs DK Programme (hereinafter "the EUDP and Green Labs DK Act)
- Executive Order no. 317 of 11 April 2011 on the Green Labs DK programme
- Executive Order no. 315 of 11 April 2011 on entry into force of parts of the Act to amend the Act on Energy Technology Development and Demonstration Programme and "*lov om statstilskud til dækning af udgifter til kuldioxidafgift i visse virksomheder med et stort energiforbrug*" (act on state aid to cover the carbon dioxide tax expenses of certain enterprises with high energy consumption)
- These Green Labs DK Rules

The commitment holder submits information about the project and project finances **on pain of criminal liability**, see section 17 of the EUDP and Green Labs DK Act.

### Appeals

Pursuant to section 16 of the EUDP and Green Labs DK Act, it is possible to appeal to the Energy Board of Appeal. Only legal matters may be appealed.

## 1 Start of establishment

*Funding* to establish a Green Lab is notified in a letter of commitment, which is sent to the commitment holder. Acceptance by the commitment holder is confirmed by returning a signed letter to *Green Labs DK* (hereinafter referred to as “GLDK”).

### 1.1 Funding and letter of commitment

The maximum amount of funding for the establishment is stated in the letter of commitment.

In practice, funding is paid during the establishment process on the basis of statements of expenditure incurred in accordance with the approved budget.

The letter of commitment should also state any **specific terms for the commitment**. In the event of any discrepancy between these Green Labs DK Rules and the specific terms stated in the individual letter of commitment, the specific terms in the letter of commitment will prevail.

### 1.2 Commitment holder

The commitment holder is financially and technically liable to GLDK for the entire establishment process. The commitment holder must submit the various forms, information, reports, final financial statements, etc. for the entire establishment process to GLDK in accordance with these Green Labs DK Rules, see the individual sections below, as well as in accordance with any specific terms in the letter of commitment.

### 1.3 Letter of commitment

The signed letter of commitment and the project information form should be submitted to GLDK by **no later than one month** after the date of commitment. With the letter of commitment, the commitment holder undertakes to establish the Green Lab in accordance with the approved application and these Green Labs DK Rules as well as any specific terms in the letter of commitment. If the letter of commitment is not received within this deadline, the commitment of funding will **lapse**.

## 2 Establishment process

### 2.1 Accounting records

The commitment holder must ensure that, in managing establishment costs, an appropriate and efficient procedure is organised to ensure correct accounting records. The costs of the individual establishment process pursuant to the commitment from Green Labs DK must be kept separate from the accounting records for other income and expenses. Costs should be entered in separate accounts in bookkeeping.

The final financial statements for the establishment process should be prepared by the commitment holder.

The commitment holder must keep annexes and accounting records etc. for funding received for at least five years from the end of the calendar year in which the last financial statements of the project or the technical financial reporting are/is submitted. Storage must be appropriate, see the provisions of the Bookkeeping Act.

### 2.2 Who and what costs are eligible for funding?

#### *Commitment holder*

Funding is granted to public and private enterprises or knowledge institutions. Test facilities must be located in Denmark.

### *Price changes*

Budget planning must take account of price changes during the establishment process; the commitment of funding does not allow for any subsequent adjustments for this.

### *Total costs*

The total budgeted costs for an establishment process should appear on the budget on which the commitment of funding is based, including any adjustments approved in writing. The budget, requests for payment and the final financial statements must include information for commitment holders on all costs and revenues in the establishment process.

### *Costs eligible for funding*

See the Call and the specific terms in the letter of commitment for the costs eligible for funding. Costs can only be included in, and incurred by, the project from the date on which GLDK received a signed project agreement.

Funding is granted for:

**Tangible assets:** Assets comprising buildings and plant, machinery and equipment.

**Intangible assets:** Assets such as patents, licences, know-how or IP rights. In other words assets that do not have physical or financial embodiment.

## **2.3 Payment of funding**

Requests for payment should be submitted by the commitment holder. Funding is paid during the establishment process on the basis of statements of actual costs incurred by the commitment holder.

The commitment holder should use the payment form in the budget file (Annex 2 to the application) for requests for payment, and number them consecutively. The commitment holder should include a brief status description (10-15 lines) of the establishment process, compared with the agreed time schedule, with the request for payment. Requests for payment may be submitted twice a year. Invoices need not be submitted.

Funding will be paid to the commitment holder. Funding is paid for actual costs incurred within the framework of the *approved* budget items for the final establishment process. *There will be no payments of funding for costs exceeding the approved budget items for the overall establishment process.* Payment will be to the commitment holder's (company's) NemKonto (a mandatory account for payments from the authorities).

When the request is for payment of funding to a commitment holder and it entails that the cumulative payments of the funding will exceed DKK 5 mill., the request must be accompanied by confirmation from an auditor that accounting records correspond to the request for payment submitted. The same confirmation from an auditor must be submitted every time the accumulated payment of funding exceeds an additional DKK 5 mill. (i.e. on payment of funding of more than DKK 10 mill., DKK 15 mill., etc.).

The final 10% of the maximum amount of funding will not be paid until the project has submitted its final report and has been finally approved. Funding may be withheld if completion material due has not been submitted.

## 2.4 Changes in the establishment process must be authorised

All substantial changes in the establishment plan must be approved in writing by GLDK. This applies to substantial changes in relation to the budget, financing, organisation, time schedule, purpose of the facilities and key employees in the project organisation. Substantial delays to the project in the establishment phase in relation to the approved time schedule must be notified immediately to GLDK. Changes to the budget can only be approved if the change will lead to added value for the test facilities. Changes to the budget will not be approved if the project is less than three months from completion.

## 2.5 Tax and VAT

Funding received must be reported to the Danish tax authorities (Danish Tax Agency) using the commitment holder's central business registration number (CVR no.) or commercial register number (SE no.). The provider of funding is obligated to notify the Danish Tax Agency of funding paid. Funding received from GLDK is usually exempt from VAT. For more on this, see VAT guidelines from the Ministry of Taxation. In addition:

- Funding for applications from VAT-registered institutions, enterprises, etc., which are registered in accordance with the VAT Act, must be stated on the basis of costs excluding input tax (VAT on costs).
- Funding for applications from non-VAT-registered institutions etc, must be stated on the basis of costs including input tax (VAT on costs).

## 2.6 Annual reports

The purpose of the annual report, especially in connection with long-term or phase-divided establishment processes, is to make it possible for GLDK to assess progress in the establishment process in relation to the approved applications.

Reports on the establishment process should be annual for the last 12-month period (June-May). Annual reporting should use the annual report form and must be received by GLDK by no later than 30 June. Annual reports should be submitted irrespective of whether the establishment has been commenced or not, or whether or not there have been any costs for the establishment process.

## 2.7 Supplementary information for GLDK

If the material submitted is not adequate to assess the progress of the establishment process, the commitment holder must, at the request of GLDK, submit further information on technical and financial documentation, in the form of invoices or in the form of an audited statement of the establishment costs at the relevant date.

# 3 Completion of establishment

At the end of the establishment of a Green Lab, in accordance with the approved budget etc. in the application, end-of-project financial statements must be submitted, see the section on "Final financial statements" and the section on "Audit". The final report and the completion form should be submitted by no later than at the end of the establishment process. The materials should be sent to GLDK.

## 3.1 Final report

The commitment holder must submit a final report to GLDK. The final report should be complete and informative and will form the basis for an assessment of the project's target performance. The report should also state how the results achieved will be utilised. The final report must be in English, unless otherwise

agreed. The report must contain a summary in both Danish and English. A separate section of the final report will be published on eudp.dk.

### 3.2 Final financial statements

By no later than two months after completion of an establishment process, the commitment holder must submit audited final financial statements for the establishment process **to GLDK**, see the section on “Audit” below.

The final financial statements must include all costs incurred for the establishment process.

The final financial statements must be audited according to the rules set out in the section on audit.

GLDK is entitled to request documentation of costs incurred. The following should appear from the financial statements:

- Name of the commitment holder.
- Title of the Green Lab.
- Green Labs DK file reference.
- Budget and financial figures for the establishment process's total costs and revenues, shown by budget items.
- A statement of any instruments or other equipment procured.
- A break-down of the costs entered as “Other”.
- The establishment process's budgeted and actual financing, broken down into the individual sources of financing. For the commitment holder, the following must be stated: the amount of funding received, self-financing, funding received from a third party (including from the EU) and total costs.

The commitment holder is obligated to submit such documentation for expenses paid as GLDK finds appropriate.

## 4 Operation

### 4.1 Marketing

The terms and conditions for access to facilities and associated services as well as price lists should be published on the website for the specific Green Lab. The commitment holder is responsible for establishing the website. Any mention of the Green Lab on websites, in press material and in brochures etc. *must* state that the Green Lab has received funding from GLDK. GLDK's logo should be used on the website.

The commitment holder must be prepared to cooperate with GLDK to a reasonable extent on disseminating knowledge about GLDK and the associated Green Labs. For example, this applies to participation in a conference or similar public events in order to generate knowledge about GLDK.

### 4.2 Conditions for access to facilities

The following specific conditions for access apply for Green Labs that have received funding under the conditions laid down in Article 26a of the Block Exemption Regulation concerning investment aid for testing and experimentation infrastructures:

- It must be possible for several users to have access, and access must be under transparent and non-discriminatory conditions.
- The payment charged for using the facility must correspond to the market price or reflect the actual costs plus a reasonable margin.

- Enterprises which have contributed more than 10% of the investment costs may be granted access to the more favourable terms. In order to avoid overcompensating, the benefits must be proportional to the enterprises' contribution to the investment costs. The terms and conditions for these enterprises must be published.

## 5 Lapse of commitment/repayment of funding

A commitment of funding may lapse in part or in full, and funding may have to be paid back in part or in full (section 14 of the EUDP and Green Labs DK Act) if:

- the commitment holder has provided incorrect or misleading information or has withheld information of significance for the decision to grant funding or during the establishment process,
- terms and conditions for funding specified in these Green Labs DK Rules or under specific conditions in the individual letter of commitment are not fulfilled,
- the establishment has not been completed within the deadline stipulated in the decision on funding (the commitment).

Unspent funding will lapse when the establishment process has been completed and the end-of-project payment has been made.

## 6 Audit

GLDK is entitled to request documentation of costs incurred and revenues earned. In addition, the following audit requirements apply:

*For submission of final financial statements:*

1. For *government institutions and enterprises* whose audit is covered by *Rigsrevisionen - the Danish national audit office*, regardless of the amount of funding, the final financial statements must be authorised by a signature from the manager of the institution or an authorised employee.

Pursuant to section 4 of the Act on audit of state accounts etc. (the Auditor General's Act), Rigsrevisionen (the National Auditing Office of Denmark) may request for review directly the financial statements of institutions etc. that receive funds from the state.

2. For *institutions and enterprises* whose audit is *not covered by Rigsrevisionen - the Danish national audit office*, but whose audit is performed by a registered or a state-authorised public accountant, or a municipal auditing body, the final financial statements must be audited in accordance with 2b and 2c below. See the list in Annex A.

In the event of a *change of auditor* during the project period, the new auditor is required to contact the resigning auditor, who is required to state the reason for resignation.

- 2a. For *commitment holders* who have received funding of *DKK 250,000 or less*, there are no auditing requirements. There must be a statement by management on the final financial statements.
- 2b. For *commitment holders* who have received funding of *between DKK 250,000 and DKK 500,000*, the following auditing provisions apply:

The audit should verify the correctness of the final financial statements, and whether the transactions covered by the financial reporting are in accordance with the project agreement and the legislative basis for GLDK.



As a step in the auditing process, the auditor is obligated to ensure that appropriate and efficient procedures have been implemented in management of project costs to ensure correct accounting records, see the section on Accounting records.

Furthermore, the auditor is to assess whether the funds have been managed according to financially sound principles.

The audit must be in accordance with good public auditing practice as stipulated in section 3 of the Act on audit of state accounts etc., see the Auditor General's Act (Consolidating Act no. 101 of 19 January 2012).

The completed final project financial statements must include an audit report, see Annex B "Standard unqualified audit report".

- 2c. For *commitment holders* that have received funding of more *than DKK 500,000*, the audit must be in accordance with the attached *Auditing instructions*, Annex C. Note, in particular, sections 2, 4 and 7(2).

## B Table of Annexes

Overview:

- A. List of auditing requirements for institutions and enterprises not covered by Rigsrevisionen - the Danish national audit office
- B. Standard unqualified audit report on final financial statements for commitment holders that have received more than DKK 250,000 and less than DKK 500,000 in funding
- C. Auditing instructions for audit of financial statements with funding of DKK 500,000 or more, of 29 October 2008

## Annex A. Table of auditing requirements for institutions and enterprises not covered by Rigsrevisionen - the Danish national audit office

Funding (DKK)	Auditor	Auditing instructions	Audit report / Audit opinion
<b>0-250,000</b>	No	No	No
<b>250,000 – 500,000</b>	Registered public accountant, state- authorised public accountant, or a municipal auditing body	No Follow the section on auditing in the Green Labs DK Rules Annex B	Use the standard audit report
<b>More than 500,000</b>	Registered public accountant, state- authorised public accountant, or a municipal auditing body	Yes Annex C	Individual

## **Annex B. Standard unqualified audit report on final financial statements for commitment holders that have received more than DKK 250,000 and less than DKK 500,000 in funding.**

### **The independent auditor's report**

To GLDK

### **Auditor's report on the final financial statements**

We have audited the final financial statements for (insert)

commitment holder:

in the project:

GLDK file no.:

with total costs DKK:

for the period:

### *Management's responsibility for the final financial statements*

The management is responsible for preparing and presenting final financial statements providing a true and fair view of the project. The management is responsible for ensuring that the transactions covered by the final financial statements are in compliance with the notified grants, with legislation and other regulations, as well as with agreements entered into and common practice, including:

- Act no. 555 of 6 June 2007 on an Energy Technology Development and Demonstration Programme, as amended by Act no. 1606 of 22 December 2010.
- Executive Order no. 637 of 20 June 2007 on entry into force of sections 3-5
- Executive Order no. 5 of 7 January 2008 on entry into force of sections 1-2 and sections 7-19
- Executive Order no. 5 of 7 January 2008 on an Energy Technology Development and Demonstration Programme
- "Green Labs DK Rules" on payment of funding
- Any project-specific terms and conditions in the project agreement
- "Section 29.22.01 Funding for energy research" of the Finance Act

### *Auditor's responsibility and the audit performed*

Our responsibility is to express an opinion on the final financial statements based on our audit. We have conducted our audit in accordance with Danish auditing standards and good public auditing practice. These standards require that we comply with ethical requirements, and plan and perform our audit to obtain reasonable assurance that the final financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the final financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the final financial statements, whether due to fraud or

error. The audit covers an assessment of whether the transactions covered by the end-of-project financial statements are in compliance with the notified grants, with legislation and other regulations, as well as with agreements entered into and common practice, including:

- Act no. 555 of 6 June 2007 on an Energy Technology Development and Demonstration Programme, as amended by Act no. 1606 of 22 December 2010
- Executive Order no. 637 of 20 June 2007 on entry into force of sections 3-5
- Executive Order no. 5 of 7 January 2008 on entry into force of sections 1-2 and sections 7-19
- Executive Order no. 5 of 7 January 2008 on an Energy Technology Development and Demonstration Programme
- “Green Labs DK Rules” on payment of funding
- Any project-specific terms and conditions in the project agreement
- “Section 29.22.01 Funding for energy research” of the Finance Act

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

### *Opinion*

In our opinion, the final financial statements referred to above are a true and fair presentation of the costs, revenues, assets and liabilities of NN (commitment holder) in the project referred to above. Similarly, in our opinion, the transactions covered by the final financial statements are in compliance with the notified grants, with legislation and other regulations, as well as with agreements entered into, and common practice, including:

- Act no. 555 of 6 June 2007 on an Energy Technology Development and Demonstration Programme, as amended by Act no. 1606 of 22 December 2010
- Executive Order no. 637 of 20 June 2007 on entry into force of sections 3-5
- Executive Order no. 5 of 7 January 2008 on entry into force of sections 1-2 and sections 7-19
- Executive Order no. 5 of 7 January 2008 on an Energy Technology Development and Demonstration Programme
- “Green Labs DK Rules” on payment of funding
- Any project-specific terms and conditions provided in the letter of commitment
- “Section 29.22.01 Funding for energy research” of the Finance Act

**Statement on the audit performed**

In connection with our financial audit of NN's (commitment holder) final financial statements for the project referred to above, we have assessed whether the funding for selected areas has been managed according to financially sound principles.

*Management's responsibilities*

The management of NN (commitment holder) is responsible for the establishment of guidelines and procedures to ensure that the funding granted is managed in accordance with sound financial principles, and that information in the final financial statements to GLDK is documented and fairly represents NN's (commitment holder) participation in the project referred to above.

*Auditor's responsibilities and the audit performed*

In accordance with good public auditing practice, we have examined whether, for the project referred to above, NN (commitment holder) has established procedures that ensure financially sound management. We have performed a sample review of NN's (commitment holder) final financial statements for the project referred to above. We have performed our audit with a view to gaining assurance that, for the selected areas, funding has been managed according to sound financial principles.

*Opinion*

In the audit performed, we have found no conditions which give rise to concluding that the project referred to above, with regard to the examined areas, has not been managed according to financially sound principles.

Name and signature of auditor, place and date of opinion/statement, as well as the name, address and telephone number of the auditing firm.

## **Annex C. Auditing instructions for auditing final financial statements for commitment holders that have received funding of DKK 500,000 or more in funding**

**These auditing instructions cover auditing financial statements for projects which have received funding under:**

- “Section 29.22.01 Funding for Energy Research” of the Finance Act 2008 and
- Act no. 555 of 6 June 2007 on an Energy Technology Development and Demonstration Programme (EUDP), as amended by Act no. 1606 of 22 December 2010 and Executive Order no. 133 of 27 February 2008 on the EUDP.

The legal basis of these auditing instructions is section 13(1) no. 2 of the EUDP Act and section 4 no. 1 of Executive Order no. 133 of 27 February 2008 (the EUDP Executive Order).

These auditing instructions cover institutions and enterprises, for which auditing is not covered by Rigsrevisionen - the Danish national audit office.

These auditing instructions do not cover funding of assignments requisitioned by the Danish Energy Agency, such as assistance in the administration of the funding scheme, hosting of conferences, participation in international research collaboration, information about the schemes and project outcomes etc., as well as, in general, funding of less than DKK 500,000.

**1.-(1)** The audit must be performed by a state-authorised or registered public or a municipal auditing body.

**(2)** In the event of a change of auditor during the project period, the new auditor is required to contact the resigning auditor, who is required to state the reason for resignation.

**2.-(1)** The audit must be in accordance with good public auditing practice as laid out in section 3 of the Act on audit of state accounts etc. (the Auditor General's Act; Consolidating Act no. 3 of 7 January 1997 with later amendments), described in more detail in subsections (2) and (3) and sections 3-7 below.

**(2)** The audit should verify the correctness of the end-of-project financial statements, and whether the transactions covered by the financial reporting are in accordance with the project agreement, the acts and executive orders mentioned above, as well as the *“Green Labs DK Rules for payment of funding, reporting and financial reporting etc. for commitments from the Green Labs DK Programme”*, in the following referred to as the *“Green Labs DK Rules”*.

**(3)** Furthermore, the auditor is to assess whether the funds covered by the project financial statements have been managed according to financially sound principles.

**3.** The scope of the audit depends on the administrative structure and procedures of the commitment holder, including internal control and other matters of significance for the financial reporting. Furthermore, the size of the funding also affects the scope of the audit.

**4.-(1)** The auditor should verify:

1. Whether the project financial statements are correct, i.e. without substantial errors and omissions;
2. Whether the conditions for funding have been met, including the provisions and terms stated in the project agreement and the *“Green Labs DK Rules”*, including these auditing instructions;

3. That the project has been executed in compliance with the project application and the budget which form the basis for the project agreement on funding with later amendments, including that the project has been completed within the specified time limit;

4. Whether the commitment holder has demonstrated financial prudence;

5. That the project financial statements do not include costs incurred before a valid project agreement was established;

6. Whether the project has obtained any funding from the EU. (If the project has received EU funding, this should appear from the financial statements).

**(2)** The audit is usually conducted in connection with the completion of the project.

**(3)** The audit is conducted as sample checks.

**5.** The commitment holder must provide the auditor with all the information that is considered significant for an assessment of the project financial statements and for the auditor's assessment of performance, including objectives and results achieved. The commitment holder must provide the auditor access to conduct the examinations that the auditor finds necessary, and the beneficiary must ensure that the auditor is given the information and assistance the auditor considers necessary in the performance of the assignment.

**6.-(1)** If the auditor finds that legislation has been breached, or that regulations of substantial significance for management of the funding have been ignored, the auditor is required to notify the commitment holder of this immediately and to ensure that the commitment holder, in turn, within three weeks, notifies the project manager and the GLDK. If the beneficiary fails to do so, the auditor is obliged to notify the GLDK. The auditor's remarks are to be submitted with the notification.

**(2)** The same applies if the auditor, during the audit or otherwise, finds that completion of the project is uncertain due to financial or other reasons.

**7.-(1)** The audited project financial statements must include an auditor's report stating that the financial statements have been audited in accordance with the rules set out in these instructions. Any reservations and qualifications must appear from this report.

**(2)** The auditor must provide an auditor's review including an assessment and conclusion concerning the audit performed, see section 4. The report can be given as an attachment to the auditor's opinion or in the auditor's records. The report shall describe the audit procedures carried out in relation to the approval by the auditor.

**(3)** The commitment holder must submit to the enterprise acting as project manager a copy of the auditor's report together with the project financial statements including the auditor's opinion. The full final financial statements should be endorsed by the commitment holder's auditor. The commitment holder must submit a copy of the auditor's report and the final financial statements including the auditor's opinion to the GLDK Secretariat.

**8.** These instructions will enter into force on 1 July 2023 for projects that receive funding following this date.