

INCENTIVE SYSTEM FOR COMPANIES

BUSINESS INNOVATION

TERM OF ACCEPTANCE

Whereas:

a) The decision to approve the project falls within the competence of the Steering Committee of the Centro Regional Operational Programme, under the terms provided for in subparagraph c) of paragraph 1 of Article 27 of Decree-Law no. 137/2014, of 12 September, which established the governance model for the European Structural and Investment Funds (ESIF);

b) The formalisation of this decision occurs through the signature of this acceptance term, in accordance with the provisions of Article 11 of the Specific Regulation for the Competitiveness and Internationalisation Domain (RECI), adopted by Ordinance no. 57-A/2015, of 27 February, as amended by Ordinance no. 181-B/2015, of 19 June, Rectification Declaration no. 30-B/2015, of 26 June, Ordinance no. 328-A/2015, of 2 October, and Ordinance no. 211-A/2016, of 2 August;

c) The acceptance term has the legal status of a written contract in accordance with the provisions of paragraph 2 of Article 11 of the aforementioned Regulation;

d) IAPMEI - Agency for Competitiveness and Innovation, I.P. is the Intermediate Body that monitors the investment implementation, under the terms of the delegation of powers carried out by the Steering Committee of the Managing Authority of the Centro Regional Operational Programme, pursuant to Articles 36 and 37 of Decree-Law no. 137/2014, of 12 September.

Following the application submitted to the Centro Regional Operational Programme, supported by the ERDF¹, under the terms of the call for applications no. 01/SI/2016, this acceptance term is entered into with **FARPEDRA-EXPLORAÇÃO DE PEDREIRAS LDA**, registered at the Commercial Registry Office of Alcobaça under no. 501166009, Legal Entity no. 501166009, with a share capital of 700,000.00 Euros, and registered office at Rua da Cavadinha no. 6-A, B, C Moleanos, 2460-615 ALJUBARROTA (PRAZERES), hereinafter referred to as **Beneficiary**, represented by Rute Ferreira Henriques, acting in the capacity of **Managing Partner** with powers for the act, and by Hélder Emanuel Ferreira Farto Henriques, acting in the capacity of **Managing Partner** with powers for the act, which is governed by the following clauses:

CLAUSE 1
(Subject Matter)

1. The object of this contract is the granting of a financial incentive for application in the execution, by the beneficiary, of investment project no. 018610 with a total eligible investment amount of 2,170,319.50 Euros (*two million, one hundred and seventy thousand, three hundred and nineteen euros and fifty cents*), under the terms in which it was approved and which is considered an integral part of this contract.
2. The execution period of this investment runs from 2016-04-01 to 2018-03-31.

¹ European Regional Development Fund

CLAUSE 2
(Commitment Declarations on Eligibility Criteria)

The beneficiary declares that:

- a) It meets the conditions regarding compliance with the eligibility criterion provided for in subparagraph b) of Article 13 of Decree-Law no. 159/2014, of 27 October, as amended by Decree-Law no. 215/2015, of 6 October, relating to the regularised tax and social security situation before the tax authority and social security, respectively, giving consent for online consultation at www.portaldasfinancas.gov.pt, under the terms of Decree-Law no. 114/2007, of 19 April, to the Managing Authority of the Centro Regional Operational Programme (NIPC 600075613), to IAPMEI (NIPC 501373357), and to the Agency for Development and Cohesion (ADC) (NIPC 510928374), undertaking to maintain said consent active during the project's duration;
- b) It has taken notice of and is in a position to comply, within the fixed deadlines, with the eligibility criteria of the beneficiary and the project in accordance with Article 13 of Decree-Law no. 159/2014, of 27 October, in its current wording, with the RECI, and the call for applications, under penalty of the incentive grant decision becoming void.

CLAUSE 3
(Conditional Favourable Decision)
(Not applicable)

CLAUSE 4
(Incentive)

- 1. The total incentive to be assigned, as defined under the terms of the approval decision, takes the following form:
 - a) Reimbursable ERDF incentive in the amount of 1,302,191.70 Euros (one million, three hundred and two thousand, one hundred and ninety-one euros and seventy cents).
- 2. The ERDF incentive corresponds to the application of the rate of 60.00% on the amount of expenses considered eligible, calculated under the terms established in Article 31 of the RECI.

CLAUSE 5
(Result Indicators)

The results to be achieved within the scope of the project (provided for in point 4 of Annex D of the RECI), the object of this contract, are as follows:

- a) Indicator I1 - Gross Value Added - GVA (post-project values): 3,335,371.12 Euros;
- b) Indicator I2 - Qualified Job Creation - QJC (post-project values): 4 Jobs;
- c) Indicator I3 - Turnover (post-project values): 6,129,765.94 Euros.

CLAUSE 6
(Payments)

1. The incentive payments shall be made by the paying entity or by the Intermediate Body with delegated functions from the Paying Body, via bank transfer to the beneficiary's current account with the following IBAN [confidential information].
2. All receipts and payments regarding the execution of the co-financed project must be made through the beneficiary's bank account.
3. The terms of payments proceed in accordance with the provisions of Article 13 of the RECI and Article 25 of Decree-Law no. 159/2014, of 27 October, in its current wording.
4. Payment may be suspended whenever any of the grounds provided for in paragraph 10 of Article 25 of Decree-Law no. 159/2014, of 27 October, in its current wording, are verified.

CLAUSE 7
(Repayable Incentive)

1. The reimbursable incentive is granted for a total term of eight years, counted from the first day of the month following that of the first incentive payment, or on the first day of the seventh month after the date of this contract, whichever occurs first, with a grace period of two years.
2. The reimbursable incentive is granted without payment of interest or any other charges, being reimbursed on a half-yearly basis, in equal and successive amounts, with the first instalment falling due six months after the end of the grace period, as defined in the preceding paragraph.
3. The reimbursement of the incentive is made by bank transfer, with the beneficiary being obliged to instruct its bank to transfer the amounts due to the account to be indicated by the paying entity.
4. Without prejudice to the provisions of the following paragraph, should there be an exemption from reimbursement following the evaluation of results generated by the project, the reimbursement plan shall be adjusted proportionally.
5. Whenever there is an exemption from reimbursement and the amount of the outstanding capital is lower than the exemption amount, the difference shall be credited to the Beneficiary's bank account via the IBAN indicated in paragraph 1 of the sixth clause.
6. The beneficiary may make early reimbursements without any charges.

CLAUSE 8
(Exemption from Reimbursement)

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1. The evaluation of the results generated by the project implementation is carried out in two stages:
 - a) At the financial closure, with the submission of data on the physical and financial completion of the project, in which the achievement of the objectives and conditions underlying the project approval is assessed, including output and result indicators;
 - b) In the target year, which corresponds to the second full financial year, or third in the case of tourism sector projects, after the year of physical and financial completion, through verification of compliance with results associated with positive externalities generated in the economy, with a view to assessing the possibility of granting an exemption from reimbursement in the maximum amount of 50.00% of the reimbursable incentive.
2. The implementation of the evaluation referred to in the preceding subparagraphs takes place under the terms and conditions provided for in Annex D of the RECI.

CLAUSE 9 (Beneficiaries' Obligations)

1. The beneficiary undertakes to comply with all general obligations applicable to it as set out in Article 24 of Decree-Law no. 159/2014, of 27 October, in its current wording, and also in Articles 12 and 35 of the RECI.

CLAUSE 10 (Project Amendments)

1. Project amendments must comply with the provisions of paragraphs 7 and 8 of Article 20 of Decree-Law no. 159/2014, of 27 October, in its current wording.
2. In addition to the provisions of the preceding paragraph, provided it is duly justified, the approved execution period may also be subject to amendment, in accordance with the provisions of Article 37 of the RECI, which determines the reduction of the incentive, under the terms of paragraph 2 of the fourteenth clause.

CLAUSE 11 (Monitoring and Control)

1. Without prejudice to other monitoring and control mechanisms that may be adopted, the beneficiary accepts the monitoring and control to verify the proper execution of the project and compliance with the objectives and obligations resulting from this contract to be carried out by the entities with competence for this purpose.
2. The beneficiary undertakes to provide in a timely manner all appropriate documents and elements that allow for administrative and on-site verifications, including access to project implementation sites for project verification purposes, which are necessary to prove that the investment was made and that the objectives were achieved under the terms of this contract.

CLAUSE 12
(Assignment of Contractual Position)

The assignment of the beneficiary's contractual position may only take place for duly justified reasons and after authorisation from the Managing Authority of the Centro Regional Operational Programme.

CLAUSE 13
(Recovery of Incentives)

Amounts unduly received by the beneficiary, namely due to non-compliance with legal or contractual obligations, the occurrence of any irregularity, as well as the non-existence or loss of any requirement for granting the incentive, constitute a debt and shall be recovered under the terms provided for in Article 26 of Decree-Law no. 159/2014, of 27 October, in its current wording.

CLAUSE 14
(Reduction of the Incentive)

1. Grounds for incentive reduction include, namely:
 - a) Partial non-compliance with the beneficiary's obligations, including the contracted results;
 - b) Failure to justify the expenditure, except within the scope of simplified cost financing, or the charging of values higher than those legally permitted and approved or non-eligible values;
 - c) Charging expenses not related to the project execution or not justified through invoices, or equivalent fiscally accepted documents, as well as expenses not recorded in the accounts;
 - d) Non-compliance with information and publicity rules, with the reduction being determined based on the seriousness of the non-compliance;
 - e) Disregard for the provisions of European and national legislation, namely in terms of public procurement, when applicable, in which case a reduction proportional to the seriousness of the non-compliance should be applied, namely in the table of financial corrections approved by the European Commission;
 - f) Failure to consider revenue originating from the project.
2. Also, the amendment to the project execution period, referred to in paragraph 2 of the tenth clause, constitutes grounds for incentive reduction, which occurs under the following terms:
 - a) Eligible expenses incurred up to the end of the 6th month beyond the approved completion date are reduced by 20% of their value;

- b) Eligible expenses incurred between the 7th and 12th month beyond the approved completion date are reduced by 40% of their value.
- 3. The non-application of the incentive reduction provided for in the preceding paragraph may occur provided it is duly authorised by IAPMEI and when based on force majeure reasons that imply an unrecoverable delay in the project development and whose occurrence is duly proven by the beneficiary up to 30 days after its verification.

CLAUSE 15
(Unilateral Termination)

The contract may be unilaterally terminated by the Centro Regional Operational Programme when one of the causes provided for in the preceding clause is definitively verified or when one of the following situations, attributable to the beneficiary, occurs, namely:

- a) Non-compliance with the essential objectives set out in the application;
- b) Lack of full execution of the application under the terms in which it was approved;
- c) The existence of changes to the determining elements of the approval decision that jeopardise the project's merit or its financial reasonableness, except when expressly authorised by the Managing Authority of the Centro Regional Operational Programme;
- d) Failure to submit the execution forms and payment requests in a timely manner, unless the delay is accepted by IAPMEI;
- e) Unauthorised interruption of the project for a period exceeding 90 business days;
- f) Duplication of expense charging, under the terms defined in subparagraph f) of paragraph 3 of Article 23 of Decree-Law no. 159/2014, of 27 October, in its current wording;
- g) Provision of false declarations regarding its situation, the project implementation, or incurred costs, which substantially affect the justification of the incentive received or to be received;
- h) Refusal to submit to control and auditing;
- i) Non-existence or lack of regularisation of organisational deficiencies in the project-related process and the failure to send requested elements within the deadlines fixed for that purpose.

CLAUSE 16
(Contract Costs)

- 1. The beneficiary is responsible for any and all expenses and charges, namely of a fiscal nature, resulting from the entering into, compliance with, or execution of this contract.
- 2. All extrajudicial expenses incurred by the Managing Authority arising from the execution of this contract are also for the beneficiary's account.

CLAUSE 17
(Term of the Contract)

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1. This contract enters into force on the date of its submission and when duly signed.
2. The term of validity of this contract occurs with the full fulfilment of all positive and negative obligations emerging therefrom.

NOTARIAL ACKNOWLEDGEMENT²

(Article 38 of Decree-Law no. 76-A/2006, of 26 May)

I hereby acknowledge the signatures above of Hélder Emanuel Ferreira de Farto Henriques and Rute Ferreira Henriques, by comparison with Citizen Cards no. [confidential information], also respectively, in their capacity as managers, with powers for the act (acceptance term - investment project no. 018610) of the commercial society "**Farpedra-Exploração de Pedreiras Lda**", registered at the Commercial Registry Office of Alcobaça under tax identification number 501.166.009, all according to the permanent certificate of commercial registration of the company with access code 0708-0077-0524, valid until 22/1/2018, which I consulted.

Porto de Mós, 7 October 2016
Registration No.: 5663C/1101
ANA JANUÁRIO
Lawyer (Solicitor/Attorney)

PORTUGUESE BAR ASSOCIATION

ONLINE REGISTRATION OF LAWYERS' ACTS

Article 38 of Decree-Law no. 76-A/2006, of 29-03
Ordinance no. 657-B/2006, of 29-06

Lawyer: Ana Januário

Professional Licence: 5663C

² Note: For certification purposes and signatures, reference should be made to the original version /Portuguese official document

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NATURE AND TYPE OF ACT

Signature recognition with special references (by similarity)

IDENTIFICATION OF THE INTERESTED PARTIES:

Farpedra – Exploração de Pedreiras, Lda.

Corporate Tax Identification No. (NIPC): **501 166 009**

EXECUTED ON: 7 October 2016, at 11:33

REGISTERED ON: 7 October 2016, at 11:34

REGISTRATION NO.: **5663C/1101**

This registration may be consulted at <http://oa.pt/atos>,
using access code **24749356-985466**.