

Please notice:

Those parts, which do not regularly apply to grant recipients outside the Federal Republic of Germany are omitted in the English translation.

The grant will be subject to the laws of the Federal Republic of Germany. Any court action in connection with the grant comes under the jurisdiction of a Hannover court.

As a non-profit foundation organized under private law, the Volkswagen Foundation must ensure that the funds it spends on the support of higher education and research are used economically and in accordance with the rules. Therefore, please note the following

## FUNDING PRINCIPLES

The Volkswagen Foundation assumes that the funds it makes available, subject to these principles, will be managed in accordance with the rules and regulations applying to the grant recipient<sup>1</sup>. In the case of universities, these will be the principles applying to the management of third party funds.

The grant recipient must ensure that these principles along with any further communicated special conditions are acknowledged and observed by the all parties involved in the funding project while handling the grant (e.g. staff members, contractors, publishers, authors, editors, transacting cash offices).

These funding principles are arranged as follows:

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<sup>1</sup> Grant recipients of the Foundation funding are principally academic institutions where the project / subproject is being conducted and not the legal entity of the applicant.

A. Calling of Funds, General Principles of Management

1. Calling of Funds

(1) The funds required shall be applied for as early as possible, in general at least 3 weeks in advance (on the form "Plan for Calling of Funds" which is also stored on our homepage). Any changes should be communicated without delay.

(2) The Foundation in principle remits the funds in monthly installments at the time and in the amount needed for the purpose for which they have been granted. Hence, the plan under which funds are called should provide for monthly requests. If monthly installments are below 5,000 €, the requirement of three months may be called in advance. For requests over a longer period, adjustments of the installments due to changes of demand have to be communicated without delay.

The Foundation remits amounts called only to an account of the institution of the recipient of the grant; in universities and other institutions under public law, remittances are made to the responsible cashier's office. The recipient of the grant respectively the responsible administration is bound to ensure within the data they sent that the recipient of the payment corresponds with the bank account holder and that the IBAN as well as the BIC are correct. Any incorrectness within the transmitted bank account details will be at the expense of the recipient of the grant.

(3) Funds paid out and, for the time being, not used as expected, shall be remitted back immediately and called again when needed. To make up for lost interest, the Foundation shall have the right in such cases to claim interest based on the statutory interest rate for the time between the payment of funds and their return remittance or use for the purpose for which they were granted.

(4) The funds granted are not confined to budget years and will not expire at the end of a calendar year.

2. Efficiency

(1) The recipient of a grant may defray from the funds allocated only such expenditures as are covered by the specific purpose defined in the grant letter. Expenditures made before the receipt of the grant letter cannot be covered in this way.

(2) The funds shall be used efficiently. Only in exceptional cases (especially as a result of collective salary and wage increases or price increases which cannot be absorbed by cutbacks elsewhere) can the Foundation increase those funds, and do so upon substantiated request.

(3) Funds not consumed shall be paid back immediately, at the latest by the time documentation of the use of funds is supplied.

3. Deviations from Grant

(1) Consent of the Foundation

As a matter of principle the prior consent of the Foundation will be needed for deviations from the grant. The consent is not needed within the range of the possibilities of reallocation and extension of term mentioned in clauses 2 and 3.

(2) Reallocation of the granted funds

If the grant letter (or the underlying cost plan) lists several expense items, each individual item<sup>2</sup> may be augmented by up to 30 percent if required. However, such reallocations presuppose that the extra expenditures are necessary in order to achieve the purpose of the grant, and that other items can be saved.

Under these conditions, and within the staff complement underlying the grant, personnel funds may be increased by more than 30 % where this is unavoidable due to subsequent collective wage and salary increases or for other reasons.

The Foundation retains the right from the outset to exclude the possibility of reallocating personnel allowances as non-personnel costs in certain cases.

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<sup>2</sup> Expense items for the purposes of this paragraph are the total funds granted for scientific personnel, additional personnel, travelling expenses, other running non-personnel costs, equipment costs, costs of other non-recurring purchases as well as costs for communicating science and research.

(3) Extension of term

Deviations from the running term require the previous consent of the Foundation. However, this does not apply to a maximum six-month deviation from the planned funding period on the condition that this does not cause the Volkswagen Foundation to incur additional costs.

B. Principles Applying to Specific Types of Cost

4. Personnel Funds

(1) Remunerations shall be adapted to the activity and to local (institute) conditions. The recipient of a grant shall be responsible for determining proper grading (according to collective agreements).

(2) The following items may be paid out of funds earmarked for personal expenses:

- Employer's contribution to the statutory social security for terms of employment according to TVöD;
- Costs of child care upon documentation only in case of personal support which generally demands an application from the recipient of the grant in person;<sup>3</sup>
- Costs for further education which is linked directly to the qualification of the researcher and will advance the funded project and her or his scholarly career;<sup>4</sup>
- Annual special payments according to TVöD;
- Incentive bonus according to TVöD in the amount of up to 10% of the annual salary.

The child benefit pursuant to the Federal German Child Benefit Act can not be paid.

This applies accordingly for overall supplementary pension benefit in view of future pension obligations in case of resigning from civil servant office and for civil servant's subsidies in case of illness as well as for lump-sum compensations for such subsidies including the consequentially arising administrative costs.

(3) Unless a regular employment contract has already been concluded, the Foundation requires that a written service contract be concluded which equates to the project running term named in the grant letter. In no case will the Foundation become the employer of anybody on grants made available by it.

(4) Personnel expenses may include scholarships for the education and training of young researchers. For these scholarships the "Allgemeine Richtlinien für Stipendien zur Aus- und Fortbildung des wissenschaftlichen Nachwuchses" (General guidelines for scholarships for the education and training of young researchers) additionally apply.

5. Travelling Funds

(1) Travelling expenses shall be accounted for in accordance with the rules of travelling cost reimbursement applying to civil service, but not in excess of the rates requested and appropriated. Foreign receivers of grants shall follow the rules for travelling expense accounting valid in their respective countries.

(2) The Foundation may fix certain basic rates to finance stays in Germany of foreign scientists. Travelling and per diem allowances for foreign scholars staying in Germany may be subject to special rates.

6. Equipment

(1) Unless the Foundation indicates differently, the procurement of equipment authorized is left to the recipient of a grant. The recipient shall bear in mind the following aspects in such procurements:

- (a) All possibilities of obtaining price reductions, especially research commissions or discounts, shall be exploited, if necessary by working through central purchasing agencies.
- (b) Several competing bids shall be sought for larger items; the reasons for the choice made shall be documented.
- (c) If, in the light of more recent findings other equipment shall be bought, the prior consent of the Foundation is needed. The consent is not needed if only another specification shall be purchased. In all cases the limits of 3 above have to be observed.

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<sup>3</sup> Please note, that the terms and conditions as well as the rate ceilings described in the Information for family-related benefits do apply.

<sup>4</sup> I.e. further education covering topics like leadership skills, personal management or project management.

- (d) The prior consent of the Foundation is required when it is intended to buy equipment or extensive literature during the last three months of the project duration.
- (e) The decisions made on the items above shall be described in the documentation of the use of funds and in the final report, respectively.

(2) The recipient of a grant shall be responsible for ensuring proper utilization, storage and maintenance of the equipment along with taking out insurance for the equipment. The Foundation shall not be responsible for paying any running costs (e.g., for power consumption, insurance, maintenance, repair, and spare parts).

(3) The equipment shall also be available to other scientific institutions inasmuch as this does not interfere with the purpose of the grant.

#### 7. Title to Movable Chattels

(1) Movable chattels (equipment, books, motor vehicles, ect.) purchased out of the funds granted shall become the property of the recipient institution of the grant. If a person collaborating in a project in a responsible position changes to another institution, then the Foundation expects that the equipment can be taken to the new institution. The Foundation reserves the right, in these cases or for another important reason, to request a transfer of title to a third party it names or to itself. This shall apply in particular where somebody collaborating in a project in a responsible position changes to another institution.

(2) These items shall be recorded in inventory lists, unless they belong in the category of supplies or very small items. Larger objects are to be furnished with a clearly visible reference (legend, plate, stamp) indicating that they were purchased from funds made available by the Volkswagen Foundation. Literature purchased from Foundation funds shall be marked accordingly with a bookplate. (Plates and bookplates can be ordered on the order form enclosed where applicable.)

(3) The recipient of a grant has the right to sell the items if they are no longer used for their intended purpose or can no longer be used. The proceeds from such sales shall be remitted to the Foundation, unless they are needed within the purpose of the grant or, if this purpose has been met, for other scientific purposes.

(4) The above rules shall apply accordingly to items purchased from the proceeds of such sale.

(5) If movable chattels are acquired which are durably attached to the ground (thus becoming integral parts), the conditions listed under 8 below shall apply.

#### 8. Title to Land and Buildings

(1) The recipient institution of a grant becomes the owner of land and buildings purchased or erected with the funds granted. In case of use for different purposes (deviation from the purpose outlined in the grant letter with reference to the basis for the grant) it shall repay to the Foundation that part of the current value that corresponds to the grant paid by the Foundation in proportion to the total production costs. If the property is sold at a price higher than the current value, the proceeds of such a sale shall replace the current value.

(2) In general, the claim for compensation under (1) above shall be secured by entering in the Land Register an encumbrance in the amount of the grant appropriated or a comparable real security.

(3) Land and buildings should be marked by a clearly visible reference (legend, plate) in an appropriate place indicating that they were acquired or built with funds made available by the Volkswagen Foundation.

(4) This condition shall apply accordingly to acquisitions of titles equivalent to real properties.

9. Publication Costs

Along with the customary publication of books or in magazines, the Foundation also subsidizes digital publications (e.g. CD-ROM, DVD, open access). To this end, the Foundation may make an appropriate flat-rate funding amount available after a grant request and estimation of the preliminary costs by the grant recipient. The Foundation is to be presented with a voucher copy after publication and the final bill within the framework of the audit of allocated funds. The Foundation subsidizes other formats of the communication of science and research which are preferentially tailored towards a broad public only in compliance with the types of costs specified in the grant letter. The recipient of the grant may apply separately for these costs if they were unstated and therefore not considered within the first grant letter.

C. Statement of Account, Reports, Publications

10. Statement of Account

(1) The statement of account shall be submitted in principle promptly after the funding measures have been completed; partial accounts shall be rendered on request. The recipient of a grant will be sent printed forms for such documentation in due course.

(2) In projects only partly funded by the Foundation the documentation shall include a statement of the total expenditures and the funds available for the whole project.

(3) Income and expenditures accounted for shall be covered by documents capable of auditing. Vouchers or copies of vouchers shall be kept ready for an audit, but shall be sent to the Foundation only on special request.

(4) The Foundation reserves the right to audit the statement of account, or have it audited, on the spot.

11. Reports

(1) If the project extends two years or more, the Foundation expects annual *interim reports*.

(2) The Foundation is to be presented with the final report promptly after completion of the project.

The notes pertaining to the drafting of interim and final reports are to be observed.

(3) Above and beyond these reporting duties the recipient of the grant is required to inform the Foundation, without being asked, of all events strongly influencing the project. This applies in particular, if conditions for the implementation of the project or its objectives appear to be jeopardized.

12. Publications

(1) In principle, all publications are to be furnished with the annotation „Funded by Volkswagen Foundation“. Indications to this effect should also be made in invitations, programs (of scientific events sponsored), or press releases.

(2) The Foundation expects the research results funded by it not only to be published in the traditional print media but also to be made available on the internet via open access.

When entering into publishing, contracts scientists participating in Volkswagen Foundation-funded projects should reserve a none-exclusive right of exploitation for electronic publication of their research results for the purpose of open access. Here, discipline-specific delay periods of generally 6-12 month can be agreed upon, before which publication of previously published research results in discipline-specific or institutional electronic archives may be prohibited.

(3) The Foundation assumes that any questions concerning publication along with exploitation and utilization rights with respect to the copyright protected publication, exploitation, and use of research results will be settled by the partners involved before the project starts in accordance with the rules of good research practice.

(4) The Foundation requests that one voucher copy of each publication be mailed to it as soon as possible.

(5) The Foundation moreover asks that one copy each of research reports and similar publications not distributed through booksellers, which are the result of a project funded, be sent to

- the supraregional technical informations system / library that holds the appropriate special subject collection
- the collection of research reports at Technische Informationsbibliothek Hannover, Welfengarten 1 B, 30167 Hannover ([www.tib.uni-hannover.de](http://www.tib.uni-hannover.de)),
- and to the respective university library.

### 13. Public Relations Activities

The Volkswagen Foundation places value on project-related press and public relations activities by the grant recipient. All public relations activities affecting the project must contain an indication of the support by the Volkswagen Foundation – where possible with incorporation of the Foundation logo. The Communication Team of the Foundation has to be informed in time about all kinds of planned publicity activities (i.e. press releases, press conferences, also other conferences or exhibitions) related to the funded project. As far as possible support for such activities will be provided. The Foundation should be informed immediately about important progresses or scientific results of the project that might be relevant for public relation activities but cannot be included within the annual interim report timely. A close and supportive cooperation of the recipient of the grant as well as the involved scholars with the Communication Team of the Foundation is expected. This includes in particular the obligation to provide the Communication Team of the Foundation with text and photographic material upon request.

## D. Miscellaneous

### 14. Withdrawal, Recall, Cancellation

(1) The Foundation may withdraw a grant if it has not been claimed at least in part within two years (from the date of the grant letter).

(2) The Foundation reserves the right to recall a grant and reclaim funds paid out in cases where funding principles or any special conditions added are not observed, especially in cases where the funding decision is based on incorrect statements, funds are not used in accordance with the intended purposes, or the use of funds is not documented.

(3) Moreover, the Foundation reserves the right to cancel the funding of a project for important reasons. This applies also if important conditions for the implementation of the project have ceased to exist, or the objectives of the project no longer appear to be attainable. Handling of the obligations incurred by the recipient of a grant is to be arranged at the given time between said recipient and the Foundation by special agreement.

(4) In order to make up for a loss of interest, the Foundation may demand interest based on the statutory interest rate for the period from the time of the disbursement of the funding until the re-transfer of the funding.

### 15. Protective Clauses, Exclusion of Liability

(1) The recipient of a grant shall be responsible for observing the pertinent legal rules and regulations, official instructions and safety regulations (also in equipment operating instructions). He undertakes to observe all rules and conventions applying in specific research areas (e.g., the Helsinki declaration about planning and implementing medical and clinical experiments on humans) or considered as standards such as rules governing good research practice.

(2) The Foundation shall not be liable for any damage arising from the implementation of the project funded. In case it were to be made liable for such damage, it shall be held harmless by the recipient of the grant.

16. Patents, Intellectual Property Rights and resulting Economic Profits

- (1) The Foundation expects that – in accordance with the respective intellectual property regulations – the exploitation of any potential invention that may result from the research project will be agreed upon between the partners before the beginning of the project.
- (2) If economic profits, cost reimbursement or other income (including those from patents) arise directly from the project funded without, however, any expenses being set off, the Foundation shall be informed as soon as possible.
- (3) The Foundation expects that according to the regulations of the recipient of the grant such income will be used for scientific or research purposes.
- (4) The Foundation principally assumes no costs for the process of patent application or patent protection.