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**RECH 539
COASI 201**

LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: Agreement between the European Union, of the one part, and the Republic of Korea, of the other part, on the Participation of the Republic of Korea in Union Programmes

AGREEMENT
BETWEEN THE EUROPEAN UNION, OF THE ONE PART,
AND THE REPUBLIC OF KOREA, OF THE OTHER PART,
ON THE PARTICIPATION OF THE REPUBLIC OF KOREA
IN UNION PROGRAMMES

THE EUROPEAN UNION (hereinafter referred to as the "Union"),

of the one part, and

THE REPUBLIC OF KOREA (hereinafter referred to as "Korea"),

of the other part,

hereinafter referred to individually as "Party" and jointly as "Parties",

WISHING to establish a lasting framework for cooperation between the Parties with clear conditions for the participation of the Korea in Union programmes or activities as well as a mechanism facilitating the establishment of such participation in individual Union programmes or activities,

CONSIDERING the common goals, values and strong links of the Parties established in the past through the Framework Agreement between the European Union and its Member States, on the one part, and the Republic of Korea, on the other part, the Free Trade Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part, and the Agreement on the Scientific and Technological Cooperation between the European Community and the Government of the Republic of Korea, which provide a general framework for collaboration in the field of research and innovation between the Parties,

RECOGNISING the common desire of the Parties to further develop, strengthen, stimulate and extend their relations and cooperation therein,

RECOGNISING the key importance of the shared fundamental values and principles underpinning the international cooperation between the Parties in research and innovation, such as ethics and integrity in research, gender equality and equal opportunities, and the shared objective of the Parties to foster and facilitate cooperation between organisations in the field of research and innovation, including universities, and the exchange of best practices and attractive research careers, facilitate cross-border and inter-sectoral mobility of researchers, foster free movement of scientific knowledge and innovation, promote the respect of academic freedom and freedom of scientific research, and support science education and communication activities,

ACKNOWLEDGING the intention of the Parties to mutually cooperate and contribute to research and innovation activities and the Union missions aiming at supporting and strengthening research capacities in order to face global challenges as well as to deepen their respective industrial competitiveness, and in turn, to achieve a transformative and systemic impact for their societies in support of the United Nations (UN) Sustainable Development Goals, and to work together in the priority areas for cooperation set out in the European Union – Republic of Korea Digital Partnership launched on 28 November 2022 and the European Union – Republic of Korea Green Partnership launched on 22 May 2023,

CONSIDERING the Parties' efforts to lead the response by joining forces with their international partners to address global challenges in line with the plan of action for people, planet and prosperity in the Resolution of the UN General Assembly "Transforming our World: the 2030 Agenda for Sustainable Development"¹, and acknowledging that research and innovation are key drivers and essential tools for innovation-led sustainable growth, and for economic competitiveness and attractiveness,

¹ UN General Assembly Resolution A/RES/70/1 of 25 September 2015.

WHEREAS the Union programme Horizon Europe – the Framework Programme for Research and Innovation (2021-2027) (hereinafter referred to as "Horizon Europe") was established by Regulation (EU) 2021/695 of the European Parliament and of the Council¹,

RECOGNISING the general principles as set out in Regulation (EU) 2021/695,

EMPHASISING the role of the European Partnerships addressing some of Europe's most pressing challenges through concerted research and innovation initiatives contributing significantly to those Union's priorities in the area of research and innovation that require critical mass and long-term vision and the importance of associated countries' involvement in those Partnerships, and

RECOGNISING that reciprocal participation in each other's research and innovation programmes should provide mutual benefits, while acknowledging that the Parties reserve their right to limit or condition participation in their research and innovation programmes, including, in particular, for actions related to their strategic assets, interests, autonomy or security,

HAVE AGREED AS FOLLOWS:

¹ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ EU L 170, 12.5.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/695/oj>).

ARTICLE 1

Subject matter

This Agreement establishes the terms and conditions applicable to the participation of Korea in any Union programme or activity that is covered by a Protocol to this Agreement.

ARTICLE 2

Definitions

For the purposes of this Agreement, the following definitions apply:

- (a) "basic act" means:
 - (i) a legal act of one or more Union institutions, other than a recommendation or an opinion, establishing a programme, which provides a legal basis for an action and for the implementation of the corresponding expenditure entered in the general budget of the Union (hereinafter referred to as the "Union budget") or of the budgetary guarantee or financial assistance backed by the Union budget, including any amendment and any relevant acts of a Union institution which supplement or implement that act, except those adopting work programmes, or
 - (ii) a legal act of one or more Union institutions, other than a recommendation or an opinion, establishing an activity financed from the Union budget other than programmes, including any amendment and any relevant acts of a Union institution which supplement or implement that legal act, except those adopting work programmes;

- (b) "funding agreement" means agreements relating to Union programmes and activities under the Protocols to this Agreement, in which Korea participates, which implement Union funding, such as grant agreements, contribution agreements, financial framework partnership agreements, financing agreements and guarantee agreements;
- (c) "other rules pertaining to the implementation of the Union programme and activity" means rules laid down in Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council¹ (hereinafter referred to as the "Financial Regulation") that apply to the Union budget, and in the work programme or in the calls or other Union award procedures;
- (d) "Union award procedure" means a procedure for award of Union funding launched by the Union or by persons or entities entrusted with the implementation of Union funding;
- (e) "Korean entity" means any type of entity, whether a natural person, legal person or another type of entity, which may participate in activities of a Union programme or activity in accordance with the basic act and who resides or which is established in Korea;
- (f) "financial year" means the period running from 1 January to 31 December.

¹ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ EU L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).

ARTICLE 3

Establishment of the participation

1. Korea shall be allowed to participate in and contribute to the Union programmes or activities, or in exceptional cases, the parts thereof, that are opened to the participation of Korea in accordance with the basic acts and as covered by the Protocols to this Agreement.
2. The specific terms and conditions for the participation of Korea in Horizon Europe are laid down in the Protocol on the Association of the Republic of Korea to Horizon Europe – the Framework Programme for Research and Innovation (2021-2027) to this Agreement (hereinafter referred to as the "Protocol on the Association of Korea to Horizon Europe"). By way of derogation from Article 17(8) of this Agreement, that Protocol may be amended by the Joint Committee established under Article 14 of this Agreement (hereinafter referred to as the "Joint Committee").
3. By way of derogation from Article 17(8) of this Agreement, the specific terms and conditions for the participation of Korea in any other particular Union programme or activity shall be laid down in the Protocols to this Agreement to be adopted and amended by the Joint Committee.
4. The Protocols shall:
 - (a) identify the Union programmes or activities, or in exceptional cases, the parts thereof, in which Korea participates;

- (b) lay down the duration of participation, which shall refer to the period of time during which Korea and Korean entities may apply for Union funding or may be entrusted with the implementation of Union funding;
- (c) lay down specific conditions for the participation of Korea and Korean entities, including specific modalities for the implementation of the financial conditions as identified under Articles 6 and 7 of this Agreement, specific modalities of the correction mechanism as identified under Article 8 of this Agreement, and conditions for participation in structures created for the purposes of implementing those Union programmes or activities; those conditions shall comply with this Agreement and the basic acts and acts of one or more Union institutions establishing such structures; and
- (d) where applicable, lay down the amount of Korea's financial contribution to a Union programme implemented through a financial instrument or a budgetary guarantee.

ARTICLE 4

Compliance with the rules of the Union programme or activity

1. Korea shall participate in the Union programmes or activities, or parts thereof, covered by the Protocols to this Agreement under the terms and conditions established in this Agreement, in its Protocols, in the basic acts and in other rules pertaining to the implementation of Union programmes or activities.

2. The terms and conditions referred to in paragraph 1 shall include:
 - (a) the eligibility of Korean entities and any other eligibility conditions related to Korea, in particular to the origin, place of activity or nationality; and
 - (b) the terms and conditions applicable to the submission, assessment and selection of applications and to the implementation of the actions by eligible Korean entities.
3. The terms and conditions referred to in paragraph 2, point (b), shall be equivalent to those applicable to eligible entities of the Member States of the Union (hereinafter referred to as "Member States"), including respect for the Union restrictive measures¹, unless otherwise provided for in the terms and conditions referred to in paragraph 1.

¹ The Union restrictive measures are restrictive measures adopted pursuant to the Treaty on the European Union or of the Treaty on the Functioning of the European Union.

ARTICLE 5

Participation of Korea in the governance of Union programmes or activities

1. Unless it concerns points reserved only for the Member States or in relation to a Union programme or activity, or parts thereof, in which Korea is not participating, representatives or experts of Korea or experts designated by Korea shall be allowed to take part, as observers, in the committees, expert group meetings or other similar meetings where representatives or experts of the Member States, or experts designated by the Member States, take part, and which assist the European Commission in the implementation and management of the programmes or activities, or parts thereof, or are established by the European Commission in respect of the implementation of Union law in relation to those programmes or activities, or parts thereof, in which Korea participates in accordance with Article 3. The representatives or experts of Korea, or experts designated by Korea, shall not be present at the time of voting. Korea shall be informed of the result of the vote.
2. Where experts or evaluators are not appointed on the basis of nationality, nationality shall not be a reason to exclude Korean nationals.
3. Subject to the conditions of paragraph 1, the participation of Korean representatives in the meetings referred to in paragraph 1, or in other meetings related to the implementation of Union programmes or activities, shall be governed by the same rules and procedures as those applicable to representatives of the Member States concerning speaking rights, receipt of information, and documentation, unless it concerns points reserved only for Member States or in relation to a Union programme or activity, or parts thereof, in which Korea is not participating. The Protocols to this Agreement may define further modalities for the reimbursement of travel and subsistence costs.

4. The Protocols to this Agreement may define further modalities for the participation of experts, as well as for the participation of Korea, in governing boards and structures created for the purposes of implementing Union programmes or activities defined in the respective Protocol.

ARTICLE 6

Financial conditions

1. The participation of Korea or Korean entities in Union programmes, or activities, or in exceptional cases, parts thereof, shall be subject to Korea contributing financially to the corresponding funding under the Union budget.

2. For each Union programme or activity, or in exceptional cases, parts thereof, the financial contribution shall take the form of the sum of:

(a) an operational contribution; and

(b) a participation fee.

3. The financial contribution shall take the form of an annual payment made in one or more instalments.

4. Without prejudice to paragraph 9 of this Article and to Article 7, the participation fee shall be 4 % of the annual operational contribution and shall not be subject to retrospective adjustments. As of 2028, the level of the participation fee may be adjusted by the Joint Committee.

5. The operational contribution shall cover operational and support expenditures and be additional both in commitment and payment appropriations to the amounts entered in the Union budget definitively adopted for Union programmes or activities, or in exceptional cases, parts thereof, increased, where appropriate, by external assigned revenue that does not result from financial contributions to Union programmes or activities from other donors, covered by each respective Protocol to this Agreement.
6. The operational contribution shall be based on a contribution key defined as the ratio of the Gross Domestic Product (GDP) of Korea at market prices to the GDP of the Union at market prices. The GDP at market prices to be applied shall be determined by the dedicated European Commission services based on the most recent statistical data available for budget calculations in the year prior to the year in which the annual payment is due. Adjustments to that contribution key may be laid down in the respective Protocols.
7. The operational contribution shall be based on the application of the contribution key to the initial commitment appropriations increased as described in paragraph 5 and entered in the Union budget definitively adopted for the applicable year for financing the Union programmes or activities, or in exceptional cases, parts thereof, in which Korea participates.
8. By way of derogation from paragraphs 6 and 7, Korea's annual operational contribution to Horizon Europe for the years 2025 to 2027 shall be set in fixed amounts as laid down in Annex I of the Protocol on the Association of Korea to Horizon Europe.

9. The participation fee referred to in paragraph 2, point (b), shall have the following value for the years 2025 to 2027:

- 2025: 2.5 %;
- 2026: 3 %;
- 2027: 4 %.

10. Upon request, the Union shall provide Korea with information in relation to its financial contribution as included in the budgetary, accounting, performance and evaluation related information provided to the Union budgetary and discharge authorities concerning the Union programmes or activities, or in exceptional cases, parts thereof, in which Korea participates. That information shall be provided having due regard to the Union's and Korea's confidentiality and data protection rules and is without prejudice to the information which Korea is entitled to receive under Article 10.

11. Any financial contributions of Korea or payments from the Union, and the calculation of amounts due or to be received, shall be made in euros.

12. Detailed provisions for the implementation of this Article are set out in the respective Protocols to this Agreement.

ARTICLE 7

Union programmes or activities to which an adjustment mechanism
of the operational contribution applies

1. If so provided for in a specific Protocol to this Agreement, the operational contribution of a Union programme or activity, or in exceptional cases, parts thereof, for year N may be adjusted retrospectively in one or more subsequent years on the basis of the budgetary commitments made on the commitment appropriations of that year, their implementation through legal commitments and their decommitment.
2. The first adjustment shall be made in year N+1 when the operational contribution shall be adjusted by the difference between the contribution and an adjusted contribution calculated by applying the contribution key of year N, adjusted via the application of a coefficient if a specific Protocol to this Agreement so provides, to the sum of:
 - (a) the amount of budgetary commitments made on commitment appropriations authorised in year N under the voted Union budget and on commitment appropriations corresponding to decommitments made available again; and
 - (b) any external assigned revenue appropriations that do not result from financial contributions to Union programmes or activities from other donors covered in each respective Protocol to this Agreement and that were available at the end of year N.

3. Each subsequent year, until all the budgetary commitments financed under commitment appropriations originating from year N have been paid or decommitted, and at the latest three years after the end of the programme or after the end of the multiannual financial framework corresponding to year N, whichever is earlier, the Union shall calculate an adjustment of the contribution of year N by reducing the Korean contribution by the amount obtained by applying the contribution key, adjusted if the respective Protocol to this Agreement so provides, of year N to the decommitments made each year on commitments of year N financed under the Union budget or from decommitments made available again.

4. If external assigned revenue appropriations that do not result from financial contributions to Union programmes or activities from other donors covered by each respective Protocol to this Agreement are cancelled, the contribution of Korea to the respective Union programme or activity, or in exceptional cases, parts thereof, shall be reduced by the amount obtained by applying the contribution key, adjusted if the respective Protocol to this Agreement so provides, of year N to the amount cancelled.

ARTICLE 8

Union programmes or activities to which an automatic correction mechanism applies

1. An automatic correction mechanism shall apply in relation to those Union programmes or activities, or in exceptional cases, parts thereof, for which the application of an automatic correction mechanism is provided for in the respective Protocol to this Agreement. The application of that automatic correction mechanism may be limited to parts of the Union programme or activity specified in the respective Protocol to this Agreement, which are implemented through grants for which competitive calls are organised. Detailed rules on the identification of the parts of the Union programme or activity to which the automatic correction mechanism does or does not apply may be established in the respective Protocol to this Agreement.
2. The amount of the automatic correction for a programme or activity, or in exceptional cases, parts thereof, shall be the difference between the initial amounts of the legal commitments actually entered into with Korea or Korean entities financed from commitment appropriations of the year in question and the corresponding operational contribution paid by Korea as adjusted pursuant to Article 7 of this Agreement, if the respective Protocol to this Agreement provides for such adjustment, excluding support expenditure, covering the same period.
3. Detailed rules on the establishment of the relevant amounts of the legal commitments referred to in paragraph 2, including in the case of consortia, and on the calculation of the automatic correction may be laid down in the respective Protocol to this Agreement.

ARTICLE 9

Reviews and audits

1. In accordance with the applicable acts of one or more Union institutions and to the extent provided in the relevant funding agreement and any other applicable contract, the Union shall have the right to conduct technical, scientific, financial or other types of reviews and audits on the premises of any natural person residing in or any entity established in Korea and receiving Union funding, as well as any third party involved in the implementation of Union funding residing or established in Korea. Such reviews and audits may be carried out by the agents of the institutions and bodies of the Union, in particular of the European Commission and the European Court of Auditors, or by other persons mandated by the European Commission in accordance with the Union law. When exercising their duties in the territory of Korea, the Union or the agents of the institutions and bodies of the Union and the other persons mandated by the European Commission shall act in a manner consistent with Korean law.
2. When conducting an audit or review referred to in paragraph 1, the agents of the institutions and bodies of the Union, in particular of the European Commission and the European Court of Auditors, and the other persons mandated by the European Commission, shall have appropriate access to sites, works and documents, in electronic and paper versions, and to all the information required in order to carry out such audits, including the right to obtain a physical or an electronic copy of, and extracts from, any document or the contents of any data medium held by the audited natural or legal person, or by the audited third party.
3. Korea shall not prevent or raise any particular obstacle to the right of entrance into Korea or to the accessing of the premises of the agents and other persons referred to in paragraph 2 on the grounds of the exercise of their duties referred to in this Article.

4. The reviews and audits may also be carried out after the suspension of application of a Protocol to this Agreement pursuant to Article 17(4) of this Agreement, the cessation of provisional application of this Agreement or the termination of this Agreement. Such reviews and audits shall be carried out in accordance with the terms laid down in the applicable acts of one or more Union institutions or bodies and as provided for in relevant agreements and/or contracts concerning any legal commitment implementing the Union budget entered into by the Union before the date on which the suspension of application of the relevant Protocol, the cessation of provisional application of this Agreement or the termination of this Agreement takes effect.

ARTICLE 10

Protection of the financial interests of the Union against irregularities

1. The European Commission and the European Anti-Fraud Office (OLAF) shall be entitled to carry out administrative investigations, including on-the-spot checks and inspections, in the territory of Korea, of a Korean entity that is party to a relevant funding agreement or of a Korean entity third party implementing the funding agreement under a contract, in accordance with, and to the extent provided in, the relevant funding agreement and other applicable contract. Those investigations shall be carried out in accordance with the terms and conditions established by applicable acts of one or more Union institutions. When exercising their duties in the territory of Korea, the European Commission and OLAF shall act in a manner consistent with Korean law.
2. The Korean contact point designated under paragraph 11 shall inform the European Commission or OLAF within reasonable time of any fact or suspicion which has come to its notice relating to an irregularity, fraud or other illegal activity relating to the funding agreement or contract referred to in paragraph 1 affecting the financial interests of the Union.

3. When carrying out an administrative investigation referred to in paragraph 1, on-the-spot checks and inspections may be carried out on the premises of the Korean entity referred to in that paragraph as well as of any third party involved in the implementation of Union funding residing or established in Korea.
4. On-the-spot checks and inspections shall be prepared and conducted by the European Commission or OLAF in close collaboration with the competent Korean authority designated by the Government of Korea. The competent Korean authority shall be notified a reasonable time in advance of the object, purpose and legal basis of the checks and inspections, so that it can provide assistance. To that end, the officials of the competent Korean authorities may participate in the on-the-spot checks and inspections.
5. Upon request by the competent Korean authorities, the on-the-spot checks and inspections may be carried out jointly with the European Commission or OLAF.
6. When carrying out an administrative investigation under this Article, Union officials shall have access to all the information and documentation, including computer data, on the operations concerned, which are required for the proper conduct of the on-the-spot checks and inspections. They may, in particular, copy relevant documents.
7. Where the person, entity or another party resists an on-the-spot check or inspection, Korean authorities, acting in accordance with national laws and regulations, shall assist the European Commission or OLAF, to allow them to fulfil their duty in carrying out the on-the-spot check or inspection. That assistance shall include taking the appropriate precautionary measures under national law, in particular in order to safeguard evidence.

8. The European Commission or OLAF shall inform the designated Korean contact point of the result of such checks and inspections. In particular, the European Commission or OLAF shall report as soon as possible to the Korean contact point any fact or suspicion relating to an irregularity which has come to their notice in the course of the on-the-spot check or inspection.
9. Without prejudice to the application of the Korean criminal law, the European Commission may impose administrative measures and penalties on a Korean entity as referred to in paragraph 1, in accordance with Union law.
10. For the purposes of the proper implementation of this Article, the European Commission or OLAF and the designated Korean contact point shall regularly exchange information and, at the request of one of the Parties, consult each other.
11. In order to facilitate effective cooperation and the exchange of information with OLAF, Korea shall designate a contact point.
12. The exchange of information between the European Commission or OLAF and the designated Korean contact point shall take place with due regard to confidentiality requirements. Any personal data included in the exchange of information shall be protected in accordance with applicable rules.

ARTICLE 11

Cooperation regarding criminal offences affecting the financial interests of the Union

The Korean authorities shall cooperate with the European Public Prosecutor's Office, on matters falling within its competence, to allow it to fulfil its duty to investigate, prosecute and bring to judgment the perpetrators of, and accomplices to, criminal offences affecting the financial interests of the Union, before the competent courts of the Member States. Such cooperation shall be in accordance with the applicable international cooperation instruments, including those between Korea and Member States or the Union, or as otherwise permitted under the applicable rules.

ARTICLE 12

Recovery and enforcement

1. The European Commission may adopt a decision imposing a pecuniary obligation on a Korean entity, other than the State, in relation to any claims stemming from the funding agreement. If, following the notification of that decision to the Korean entity in accordance with Article 13, that entity does not pay within the prescribed period, the European Commission shall notify that decision to the designated Korean contact point, and Korea shall pay to the European Commission the amount of any pecuniary obligation and seek a refund of the amount from the Korean entity.

2. In order to ensure the enforceability of judgments and orders of the Court of Justice of the European Union delivered in application of an arbitration clause contained in a contract or agreement in relation to Union programmes, activities, actions or projects, where such judgments or orders have been notified to the relevant Korean entity in accordance with the rules regarding notification by the Court of Justice of the European Union, and that entity does not pay the amounts established within a period of two months and ten days, the European Commission shall, on its behalf or on behalf of the relevant Executive Agency or Union bodies set up under the Treaty on the Functioning of the European Union (TFEU), notify the judgment or order of the Court of Justice of the European Union to the designated Korean contact point. Korea shall then pay the European Commission the amount of any pecuniary obligation and seek a refund of the amount from the Korean entity.

The Government of Korea shall make known its designated contact point to the European Commission.

3. The Court of Justice of the European Union shall have jurisdiction to review the legality of the decisions of the European Commission referred to in paragraph 1 and to suspend their enforcement.

ARTICLE 13

Communication and exchange of information

The Union institutions and bodies involved in the implementation of Union programmes or activities, or in control of such programmes or activities, shall be entitled to communicate directly, including through electronic exchange systems, with any natural person residing in Korea or any entity established in Korea receiving Union funding, as well as with any third party involved in the implementation of Union funding that resides or is established in Korea. Such persons, entities and third parties may submit directly to the Union institutions and bodies all relevant information and documentation which they are required to submit on the basis of the Union legislation applicable to the Union programme or activity and on the basis of the contracts or funding agreements concluded to implement that programme or activity.

ARTICLE 14

The Joint Committee

1. The parties hereby establish a Joint Committee. The Joint Committee shall be composed of representatives of the Union and Korea.
2. The Joint Committee shall act in accordance with the Rules of Procedure of the Joint Committee set out in the Annex to this Agreement.

3. The tasks of the Joint Committee shall include:
- (a) assessing, evaluating, and reviewing the implementation of this Agreement and its Protocols, in particular:
 - (i) the participation and performance of Korean entities in Union programmes or activities;
 - (ii) where relevant, the level of (mutual) openness to Korean or Union entities established in each Party to participate in programmes, projects, actions and activities, or in exceptional cases, parts thereof, of the other Party;
 - (iii) the implementation of the financial contribution mechanism and, where relevant, the automatic correction mechanism applicable to Union programmes or activities covered by the Protocols to this Agreement; and
 - (iv) exchange of information and, where relevant, examining any possible questions on the exploitation of results, including intellectual property rights;
 - (b) discussing upon request of either Party restrictions applied or planned by the Parties on access to their respective research and innovation programmes, including in particular for actions related to their strategic assets, interests, autonomy or security;
 - (c) examining how to improve and develop cooperation;
 - (d) discussing jointly the future orientations and priorities of policies related to programmes or activities covered by the Protocols to this Agreement;

- (e) exchanging information, inter alia, on new legislation, decisions or national programmes that are relevant for the implementation of this Agreement and its Protocols;
 - (f) adopting the Protocols to this Agreement on specific terms and conditions of the participation of Korea in Union programmes or activities, or in exceptional cases, parts thereof, or amending such Protocols as needed by way of a decision; and
 - (g) amending Articles 9 and 10, in particular to take account of changes of acts of one or more Union institutions, by way of a decision.
4. Decisions of the Joint Committee shall be taken by consensus.
5. The Joint Committee may set up a working party or an advisory body on an ad hoc basis at an expert level that can assist in carrying out the implementation of this Agreement.
6. The Joint Committee shall meet at least once a year, and, whenever special circumstances so require, at the request of a Party.

ARTICLE 15

Applicable law

This Agreement shall be implemented in accordance with each Party's applicable law in its respective jurisdiction.

ARTICLE 16

Consultations

1. The Parties shall endeavour, in good faith, to resolve any matter between them arising from the interpretation or implementation of this Agreement amicably, through discussions at the Joint Committee.
2. If a matter arising from the interpretation or implementation of this Agreement cannot be resolved through discussions at the Joint Committee within two months of being raised by a Party, either Party may request consultations with the other Party regarding the matter. The Parties shall resolve any differences through negotiations.

ARTICLE 17

Final provisions

1. This Agreement shall enter into force on the date on which the Parties have notified each other of the completion of their internal procedures necessary for that purpose. It shall apply from 1 January 2025.
2. The Union and Korea may apply this Agreement provisionally in accordance with their respective internal procedures and legislation, for the purposes of Korea's participation in the Union programmes or activities. The provisional application shall begin on the date on which the Parties have notified each other of the completion of their internal procedures necessary for that purpose.

3. Should Korea notify the Union that it will not complete its internal procedures necessary for the entry into force of this Agreement, this Agreement shall cease to apply provisionally on the date of receipt of that notification by the Union, which shall constitute the cessation date for the purposes of this Agreement.

The decisions of the Joint Committee shall cease to apply on the same date.

4. The application of a relevant Protocol to this Agreement may be suspended by the Union in case of partial or full non-payment of the financial contribution due by Korea under the respective Union programme or activity.

In case of non-payment which may significantly jeopardise the implementation and management of the relevant Union programme or activity, the European Commission shall send a formal letter of reminder. Where no payment is made within 20 working days after the formal letter of reminder, the suspension of the application of the relevant Protocol to this Agreement shall be notified by the European Commission to Korea by a formal letter of notification which shall take effect 15 days following the receipt of that notification by Korea.

In case the application of a Protocol to this Agreement is suspended under this paragraph, Korean entities shall not be eligible to participate in Union award procedures that are not yet completed when the suspension takes effect. A Union award procedure shall be considered completed when legal commitments have been entered into as a result of that procedure. The suspension under this paragraph does not affect the legal commitments entered into with Korean entities under the relevant Union programme or activity before the suspension took effect. The relevant Protocol to this Agreement shall continue to apply to such legal commitments. The Union shall immediately notify Korea once the entire amount of the financial contribution due has been received by the Union. The suspension under this paragraph shall be lifted with an immediate effect upon that notification. As of the date when the suspension is lifted, Korean entities shall again be eligible in Union award procedures launched under the relevant Union programme or activity after that date and in award procedures launched before that date, for which the deadlines for submission of applications have not expired.

5. Either Party may terminate this Agreement at any time by a written notification informing the other Party of its intent to terminate it. This Agreement may only be terminated in its entirety. The termination shall take effect three calendar months after the date on which the other Party has received the notification. The date on which the termination takes effect shall constitute the termination date for the purposes of this Agreement.

6. Where this Agreement ceases to apply provisionally in accordance with paragraph 3, or is terminated in accordance with paragraph 5, the Parties agree as follows:

- (a) projects, actions or activities, or parts thereof, in respect of which legal commitments have been entered into during the provisional application and/or after the entry into force of this Agreement, and before this Agreement ceases to apply or is terminated, shall continue until their completion under the conditions laid down in this Agreement;

- (b) the annual financial contribution to the relevant programme or activity of the year N during which this Agreement ceases to apply provisionally or is terminated shall be paid entirely in accordance with Article 6 of this Agreement and any relevant rules in the respective Protocols to this Agreement; where the adjustment mechanism applies, the operational contribution to the relevant Union programme or activity of the year N shall be adjusted in accordance with Article 7; for Union programmes or activities where both the adjustment mechanism and the automatic correction mechanism apply, the relevant operational contribution of the year N shall be adjusted in accordance with Article 7 and corrected in accordance with Article 8; for Union programmes or activities, where only the correction mechanism applies, the relevant operational contribution of the year N shall be corrected in accordance with Article 8; the participation fee paid for the year N as part of the financial contribution to the relevant programme or activity shall not be adjusted or corrected; and
- (c) where the adjustment mechanism applies, following the year during which this Agreement ceases to apply provisionally or is terminated, the operational contributions to the relevant Union programme or activity, paid for the years during which this Agreement applied shall be adjusted in accordance with Article 7; for Union programmes or activities where both the adjustment mechanism and the automatic correction mechanism apply, the relevant operational contributions shall be adjusted in accordance with Article 7 and automatically corrected in accordance with Article 8; for Union programmes or activities where only the automatic correction mechanism applies, the relevant operational contributions shall be automatically corrected in accordance with Article 8.
7. The Parties shall settle by common consent any other consequences of the termination or cessation of the provisional application of this Agreement.

8. This Agreement may only be amended in writing by common consent of the Parties. The entry into force of the amendments shall follow the same procedure as that applicable for the entry into force of this Agreement as provided for in paragraph 1.

9. The Protocols referred to in Article 3 and the Annex shall constitute an integral part of this Agreement.

10. This Agreement shall be drawn in duplicate in the Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish, Swedish and Korean languages, each text being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

IN WITNESS WHEREOF, the undersigned Plenipotentiaries, duly authorised to this effect, have signed this Agreement.

DONE at ..., this ... day of ... in the year ...

For the European Union

For the Republic of Korea

RULES OF PROCEDURE OF THE JOINT COMMITTEE

Rule 1

Tasks

The Joint Committee established under Article 14(1) of this Agreement shall perform the tasks and duties referred to in Article 14(3) of this Agreement.

Rule 2

Composition and Chair

1. The Joint Committee shall be composed of representatives of the Union and Korea.
2. The Joint Committee shall be co-chaired by senior officials or their designees acting as representatives of the Union and Korea, respectively.
3. The Union and Korea shall notify each other of the name, position and contact details of the official who is the co-chair of the Joint Committee for the Union and Korea, respectively. That official is deemed to continue acting as the co-chair for the Union or for Korea, respectively, until the date either the Union or Korea has notified the other Party of a new co-chair.

4. A co-chair is deemed to have the authorisation for representing, respectively, the Union or Korea until the date a new co-chair has been notified to the other Party.

Rule 3

Secretariat

1. The Secretariat of the Joint Committee (hereinafter referred to as the "Secretariat") shall be composed of an official of the Union and an official of Korea. The Secretariat shall perform the tasks conferred on it by these Rules of Procedure.
2. The Union and Korea shall notify each other of the name, position and contact details of the official who is the member of the Secretariat for the Union and Korea, respectively. That official is deemed to continue acting as a member of the Secretariat for the Union or for Korea, respectively, until the date either the Union or Korea has notified a new official.

Rule 4

Meetings

1. The Joint Committee shall meet at least once a year, and, whenever special circumstances so require, at the request of either of the Parties.
2. The Joint Committee shall meet, in principle, alternately in Brussels and in Korea unless the co-chairs decide otherwise. Meetings may also be held by videoconference or teleconference, if so agreed by the co-chairs.

3. In between its meetings, the Joint Committee shall work on an ongoing basis by any means of communication, in particular through exchange of emails.

Rule 5

Participation in meetings

1. At a reasonable time in advance of each meeting, the Union and Korea shall inform each other through the Secretariat of the intended composition of their respective delegations and shall specify the name and function of each member of the delegation.
2. Where appropriate and by mutual agreement, the co-chairs may invite experts (i.e. non-government officials) to attend meetings of the Joint Committee in order to provide information on a specific subject and for the parts of the meeting where such specific subjects are discussed.
3. The representative of the Party organising and hosting the meeting, after having obtained approval of the other Party, shall fix the date and the place of the meeting.

Rule 6

Documents

Written documents on which the deliberations of the Joint Committee are based shall be numbered and circulated to the Union and Korea by the Secretariat.

Rule 7

Correspondence

1. The Union and Korea shall send their correspondence addressed to the Joint Committee via the Secretariat. Such correspondence may be sent in any form of written communication, including through emails.
2. The Secretariat shall ensure that the correspondence addressed to the Joint Committee is delivered to the co-chairs and is circulated, where appropriate, in accordance with Rule 6.
3. All correspondence from, or addressed directly to, the co-chairs shall be forwarded to the Secretariat and shall be circulated, where appropriate, in accordance with Rule 6.

Rule 8

Agenda

1. For each meeting, a draft provisional agenda shall be drawn up by the Secretariat. To that end, at least four weeks before the date of the meeting, the first draft of a provisional agenda together with the documents related to each item appearing thereon shall be prepared by the official acting as the member of the Secretariat of the Party hosting the meeting and transmitted for comments to the member of the Secretariat of the other Party. Once prepared by the Secretariat, the draft provisional agenda, together with any relevant documents, shall be transmitted to the co-chairs for approval no later than 10 days before the date of the meeting.

2. The provisional agenda shall include those items, which have been requested by the Parties. Any such request, together with any relevant documents, shall be submitted to the Secretariat no later than 15 days before the beginning of the meeting.
3. In exceptional cases, the co-chairs may agree to reduce the periods provided for in paragraphs 1 and 2.
4. The Joint Committee shall at the beginning of each meeting adopt its agenda.
5. Points that do not appear on the draft agenda can be added, and points on the draft agenda can be deleted, deferred or amended, at the meeting, provided that the two Parties agree.

Rule 9

Transparency and access to documents

1. The meetings of the Joint Committee shall not be public, unless otherwise decided by the co-chairs.
2. Each Party may decide on the publication of the decisions of the Joint Committee in its respective official journal or online, after prior consultation with the other Party.
3. If the Union or Korea submits to the Joint Committee information that is confidential or protected from disclosure under its relevant laws and regulations, the other Party shall treat the information received as confidential.

4. Each Party shall handle requests for access to the Joint Committee documents in accordance with its relevant laws and regulations.
5. If the European Commission submits to the Joint Committee information that is confidential or protected from disclosure under its relevant information security legislation, Korea shall ensure for the information received a comparable level of confidentiality and protection. If Korea submits to the Joint Committee information that is confidential or protected from disclosure under its relevant laws and regulations, the European Commission shall treat the information received as confidential.

Rule 10

Minutes

1. Minutes shall be taken of all meetings of the Joint Committee.
2. Draft minutes of each meeting shall be drawn up by an official acting as the member of the Secretariat of the Party hosting the meeting, within 15 days from the end of the meeting, unless otherwise decided by the co-chairs. The draft minutes shall be transmitted for comments to the member of the Secretariat of the other Party. The latter may submit comments within 30 days from the date of receipt of the draft minutes.
3. The minutes shall summarise each item on the agenda, specifying where applicable:
 - (a) the documents submitted to the Joint Committee;
 - (b) any statement that either Party requested to be entered in the minutes; and

- (c) the decisions adopted, statements decided upon and operational conclusions adopted on specific items.

The minutes shall include an attendance list with names, titles and capacity of all participants in the meeting.

- 4. The minutes shall be approved and signed by the co-chairs within two months following the meeting or by any other date jointly decided by the co-chairs. The co-chairs may agree that signing and exchanging electronic copies satisfies the requirement for signature. The authentic version of the minutes shall be preserved in the files of each Party.
- 5. Within two working days following the Joint Committee meeting, the Secretariat shall also prepare a summary of the minutes for approval by the co-chairs as soon as practicable. Once the co-chairs of the Joint Committee have approved the text of the summary, the Parties may make public the summary of the minutes.

Rule 11

Decisions

- 1. Where so provided under Article 14 of this Agreement, the Joint Committee shall take decisions by consensus. The Secretariat shall record any decision under a serial number and with a reference to the date of its adoption.

2. The Joint Committee may take decisions by written procedure through an exchange of notes between the co-chairs if the Parties so agree. The text of a draft decision shall be presented in writing by one co-chair to the other co-chair in the official language of the Joint Committee, in accordance with Rule 14. The other Party shall have one month, or any longer period of time specified by the proposing Party, to express its agreement to the draft decision. If the other Party does not express its agreement, the proposed decision shall be discussed and may be adopted at the next meeting of the Joint Committee. The draft decision shall be deemed to be adopted once the other Party expresses its agreement and shall be recorded in the minutes of the next meeting of the Joint Committee.
3. Each decision shall be signed by the co-chairs of the Joint Committee. The co-chairs may agree that signing and exchanging electronic copies satisfies the requirement for signature.
4. Decisions adopted by the Joint Committee shall specify the date on which they take effect.

Rule 12

Protection of personal data

The publication of documents referred to in Rules 9, 10 and 11 shall be made in compliance with both Parties' applicable data protection rules, including the protection of personal data.

Rule 13

Working parties and advisory bodies

1. In accordance with Article 14(5) of this Agreement, the Joint Committee may decide to establish or dissolve a working party or an advisory body at an expert level. The Joint Committee shall determine the composition and duties of each working party or advisory body and may amend them as needed.
2. The working party or advisory body shall contribute to the work of the Joint Committee and assist it in the performance of its tasks, including – if so tasked by the Joint Committee - by preparing reports or draft decisions for the approval of the Joint Committee.
3. The working party or advisory body shall meet as necessary for the performance of its tasks and shall report to the Joint Committee.
4. The establishment and functioning of a working party or an advisory body shall not prevent the Parties from bringing any matter directly to the Joint Committee.
5. The Rules of Procedure of the Joint Committee shall apply *mutatis mutandis* to the working parties and advisory bodies established by the Joint Committee.

Rule 14

Languages

1. The official and working language of the Joint Committee shall be English.

2. The deliberations of the Joint Committee shall take place in English. The agenda of the meeting, the documents submitted to the Joint Committee and the minutes of the meeting shall be drafted in English.
3. The Joint Committee shall adopt its decisions in English.

Rule 15

Expenses

1. Each Party shall meet the expenses it incurs for the participation in the meetings of the Joint Committee and the established working parties and advisory bodies.
2. Expenses in relation to the organisation of meetings shall be borne by the Party that hosts the meeting.

Rule 16

Amendments to the Rules of Procedure

By way of derogation from Article 17(8) of this Agreement, these Rules of Procedure may be amended by mutual agreement of the Parties, in accordance with Rule 11.

PROTOCOL
on the Association of the Republic of Korea
to Horizon Europe – the Framework Programme
for Research and Innovation (2021-2027)

ARTICLE 1

Scope of the association

Korea shall participate as associated country in and contribute to Pillar II "Global Challenges and European Industrial Competitiveness" of Horizon Europe – the Framework Programme for Research and Innovation (2021-2027) (hereinafter referred to as "Horizon Europe") referred to in Article 4 of Regulation (EU) 2021/695 of the European Parliament and of the Council¹, and implemented through the specific programme established by Council Decision (EU) 2021/764², in their most up to date versions.

¹ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ EU L 170, 12.5.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/695/oj>).

² Council Decision (EU) 2021/764 of 10 May 2021 establishing the Specific Programme implementing Horizon Europe – the Framework Programme for Research and Innovation, and repealing Decision 2013/743/EU (OJ EU L 167 I, 12.5.2021, p. 1, ELI: <http://data.europa.eu/eli/dec/2021/764/oj>).

ARTICLE 2

Additional conditions of participation in Horizon Europe

1. Before deciding on whether Korean entities are eligible to participate in an action related to Union strategic assets, interests, autonomy or security under Article 22(5) of Regulation (EU) 2021/695, the European Commission may request specific information or assurances, such as:
 - (a) information as to whether reciprocal access has been or will be granted to Union entities to existing and planned programmes, projects, actions and activities, or parts thereof, of Korea equivalent to the Horizon Europe action concerned;
 - (b) information as to whether Korea has in place a national investment screening mechanism and assurances that Korea will report on and consult the European Commission on any possible cases where in the application of such a mechanism they have become aware of planned foreign investment or the takeover by an entity established or controlled from outside Korea of a Korean entity which has received Horizon Europe funding in actions related to Union strategic assets, interests, autonomy or security, provided that the European Commission supplies Korea with a list of the relevant Korean entities following the signature of grant agreements with those entities; and
 - (c) assurances that none of the results, technologies, services and products developed under the concerned actions by the Korean entities shall be subject to restrictions on their export to Member States during the action and for four years after the end of the action; Korea shall share an up-to-date list of subjects of national export restrictions on annual basis, during the action and for four years after the end of the action.

2. Korean entities may participate in the activities of the Joint Research Centre (JRC) under terms and conditions equivalent to those applicable to Union entities unless limitations are necessary to ensure consistency with the scope of participation stemming from the implementation of paragraph 1.
3. Korea shall be kept regularly informed of JRC activities relating to Korea's participation in Horizon Europe, in particular of JRC multi-annual work programmes. A representative from Korea may be invited as an observer to meetings of the JRC Board of Governors in relation to a point that concerns Korea's participation in Horizon Europe.
4. Where the Union implements Horizon Europe through the application of Articles 185 and 187 of the TFEU, Korea and Korean entities may participate in the legal structures created under those provisions, in conformity with the Union legal acts that have been or will be adopted for the establishment of those legal structures.
5. In view of Korea's participation in Pillar II of Horizon Europe, representatives of Korea shall have the right to participate as observers in the committee referred to in Article 14 of Decision (EU) 2021/764, without voting rights and for points which concern Korea when the committee discusses issues pertaining to the implementation of Pillar II of Horizon Europe. Such participation shall be in accordance with Article 5 of this Agreement. Travel costs for the representatives of Korea to the meetings of the committee shall be reimbursed at the economy class rate. For all other matters, the reimbursement of travel cost and subsistence expenses shall be governed by the same rules as those applicable to the representatives of Member States.

6. The Parties shall make every effort, within the framework of the existing provisions, to facilitate the free movement and residence of persons participating in the activities covered by this Protocol and to facilitate cross-border movement of goods and services intended for use in such activities.

ARTICLE 3

Reciprocity

1. Entities established in the Union may participate in programmes, projects, actions and activities, or parts thereof, of Korea equivalent to those under Pillar II of Horizon Europe, in accordance with the Korean laws and regulations.
2. The non-exhaustive list of the equivalent programmes, projects, actions and activities, or in exceptional cases, the parts thereof, of Korea is provided in Annex II to this Protocol.
3. Funding of entities established in the Union by Korea shall be subject to the Korean laws and regulations governing the operation of research and innovation programmes, projects, actions and activities, or parts thereof. Where funding is not provided, entities established in the Union may participate with their own means.

ARTICLE 4

Intellectual Property Rights

Each Party shall ensure that, under its applicable laws and regulations, the entities of either Party, participating in the research and innovation programmes operated by the other Party, shall have the equivalent rights and obligations with regard to intellectual property as possessed by the entities of the other Party.

ARTICLE 5

Open Science

The Parties shall mutually promote and encourage open science practices in their programmes, projects, actions and activities, or in exceptional cases, parts thereof, in accordance with the rules of Horizon Europe and the Korean laws and regulations.

ARTICLE 6

Detailed rules on financial contribution, adjustment mechanism and automatic correction mechanism

1. An automatic correction mechanism shall apply in relation to the operational contribution of Korea to Horizon Europe. The adjustment mechanism provided for under Article 7 of this Agreement shall not apply in relation to the operational contribution of Korea to Horizon Europe.

2. The automatic correction mechanism shall be based on the performance of Korea and the Korean entities in the parts of Pillar II of Horizon Europe which are implemented through competitive grants.
3. Detailed rules for application of the automatic correction mechanism are laid down in Annex I to this Protocol.

ARTICLE 7

Suspension by mutual consent

1. If the amount calculated by the European Commission upon a request from Korea in year N+1, in accordance with the method set out in Article 8 of this Agreement, is higher than 50 % of the corresponding operational contribution in year N, Korea may request that the application of this Protocol be suspended for the financial year following the year in which the request is made.
2. If a request for suspension is made by Korea pursuant to paragraph 1, the Union shall send a written response within 30 days following receipt of the request. If the Union confirms its acceptance of Korea's request, the suspension of this Protocol shall take effect on the first day of January of the year following the receipt of the request for suspension.
3. Without prejudice to Article 22 of Regulation (EU) 2021/695 and the exceptions referred to in Article 23(2) of that Regulation, in case this Protocol is suspended pursuant to paragraph 2 of this Article, Korean entities shall not be eligible to participate in award procedures financed from commitment appropriations of the financial year for which this Protocol is suspended.

4. For the year during which this Protocol is suspended pursuant to paragraph 2 and for which Korea would have paid a participation fee if not suspended, Korea shall not pay the operational contribution. However, Korea shall pay an annual participation fee for the suspended year corresponding to the participation fee of the year before the suspension took effect increased by one percentage point (1.0 ppt).
5. Korea may request at any time that the suspension pursuant to paragraph 2 cease. The Union shall send a written response within 30 days following receipt of that request. Upon the Union accepting Korea's request, the suspension shall cease to have effect on the first day of the following year or, retroactively, as of the first day of the ongoing year, if jointly decided by the Parties. If the suspension ceases retroactively, the full financial contribution for the corresponding year shall be due by Korea. Any annual participation fee already paid by Korea for the respective year shall be offset against the participation fee calculated in accordance with the method set out in Article 6 of this Agreement.
6. Korean entities shall be eligible in award procedures financed from commitment appropriations of the relevant financial year as from the date on which the suspension ceases to have effect pursuant to paragraph 5, provided that the deadlines for submission of applications have not expired.
7. The suspension in paragraph 2 does not affect the legal commitments entered into with Korean entities under this Protocol before the suspension took effect. The terms of this Protocol shall continue to apply to such legal commitments.

ARTICLE 8

Final provisions

1. This Protocol shall remain in force for as long as is necessary for all the projects, actions and activities, or in exceptional cases, the parts thereof, financed from Pillar II of Horizon Europe, all the actions necessary to protect the financial interests of the Union and all the financial obligations stemming from the implementation of this Protocol between the Parties to be completed.
2. This Protocol shall form an integral part of this Agreement.
3. The following Annexes shall form an integral part of this Protocol:
 - (a) Annex I: Rules governing the financial contribution of Korea to Horizon Europe (2021-2027);
 - (b) Annex II: List of the equivalent programmes, projects, actions and activities, or parts thereof, of Korea.

RULES GOVERNING THE FINANCIAL CONTRIBUTION OF KOREA
TO HORIZON EUROPE (2021-2027)

I. Calculation of Korea's financial contribution

1. The financial contribution of Korea to Pillar II of Horizon Europe shall be established on a yearly basis in accordance with Article 6 of this Agreement.
2. The operational contribution to be paid by Korea for the financial years 2025-2027 shall be as follows:
 - 2025 – EUR 6 000 000;
 - 2026 – EUR 7 500 000;
 - 2027 – EUR 9 000 000.
3. The participation fee of Korea shall be established and phased in according to Article 6(4) and (9) of this Agreement.

II. Automatic correction of Korea's operational contribution

1. For the calculation of the automatic correction as referred to in Article 8 of this Agreement and in Article 6 of this Protocol, the following modalities shall apply:
 - (a) "competitive grants" means grants awarded through calls for proposals launched under Pillar II of Horizon Europe where the final beneficiaries can be identified at the time of the calculation of the automatic correction; financial support to third parties as defined in Article 204 of the Financial Regulation is excluded;
 - (b) where a legal commitment is signed with a consortium, the amounts used to establish the initial amounts of the legal commitment shall be the cumulative amounts allocated to beneficiaries that are Korean entities in accordance with the indicative budget breakdown of the grant agreement;
 - (c) all amounts of legal commitments corresponding to competitive grants shall be established using the European Commission electronic system eCorda and be extracted on the second Wednesday of February of year N+2;
 - (d) "non-intervention costs" means costs of Horizon Europe other than competitive grants, including support expenditures, programme-specific administration and other actions¹;

¹ Other actions include, in particular, procurement, prizes, financial instruments, direct actions of the JRC, subscriptions (the Organisation for Economic Co-operation and Development (OECD), the European Research Coordination Agency (Eureka), the International Partnership for Energy Efficiency Cooperation (IPEEC), the International Energy Agency (IEA), etc., and experts (evaluators, monitoring of projects).

- (e) amounts allocated to international organisations as entities being the final beneficiary¹ shall be considered as non-intervention costs.

2. The mechanism shall be applied as follows:

- (a) automatic corrections for year N in relation to the execution of commitment appropriations for year N, increased in accordance with Article 6(5) of this Agreement, shall be applied based on data on year N and year N+1 from eCorda referred to in paragraph 1, point (c), of this section in year N+2; the amount considered will be the amount of competitive grants under Pillar II of Horizon Europe for which data is available, at the time of the calculation of the correction;
- (b) starting in N+2 and up until 2029, the amount of the automatic correction shall be calculated for year N by taking the difference between:
 - (i) the total amount of the competitive grants apportioned to Korea or Korean entities under Pillar II of Horizon Europe as commitments made on budget appropriations of year N; and
 - (ii) the amount of Korea's operational contribution for year N multiplied by the ratio between:
 - (A) the amount of competitive grants made on commitment appropriations of year N under Pillar II of Horizon Europe, increased in accordance with Article 6(5) of this Agreement; and

¹ International organisations would only be considered as non-intervention costs if they are final beneficiaries. This will not apply where an international organisation is a coordinator of a project (distributing funds to other coordinators).

- (B) the total of all the authorised budgetary commitment appropriations of year N under Pillar II of Horizon Europe, including non-intervention costs.

III. Payment of Korea's financial contribution and payment of the automatic correction applicable to Korea's operational contribution

1. The European Commission shall communicate to Korea, as soon as possible and at the latest when issuing the call for funds of the financial year, the following information:
 - (a) the amount of the operational contribution referred to in paragraph 2 of section I of this Annex;
 - (b) the amount of the participation fee referred to in Article 6(9) of this Agreement;
 - (c) from year N+2, for the part of Horizon Europe where such information is necessary to calculate the automatic correction, the level of commitments entered into in favour of Korean entities under Pillar II of Horizon Europe broken down according to the corresponding year of budgetary appropriations and the related total level of commitments.
2. The European Commission shall issue, at the latest in June of each financial year, a call for funds to Korea corresponding to its contribution under this Protocol. The call for funds shall provide for the payment of the contribution of Korea not later than 45 days after the call for funds is issued. If this Agreement is signed after 1 June 2025, for the first year of the implementation of this Protocol, the European Commission shall issue a single call for funds within 60 days of the signature of this Agreement.

3. Each year, starting in 2028, the calls for funds shall also reflect the amount of the automatic correction applicable to the operational contribution paid for year N-3. For each of the financial years 2028, 2029 and 2030, the amount resulting from the automatic correction applied to the operational contributions paid in 2025, 2026 and 2027 by Korea shall be due to or from Korea.
 4. Korea shall pay its financial contribution under this Protocol in accordance with this section. In the absence of payment by Korea by the due date, the European Commission shall send a formal letter of reminder. Any delay in the payment of the financial contribution shall give rise to the payment of default interest by Korea on the outstanding amount from the due date. The interest rate for amounts receivable not paid on the due date shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the *Official Journal of the European Union*, in force on the first calendar day of the month in which the due date falls, increased by three and a half percentage points (3.5 ppt).
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LIST OF THE EQUIVALENT PROGRAMMES, PROJECTS,
ACTIONS AND ACTIVITIES, OR PARTS THEREOF, OF KOREA

The following non-exhaustive list shall be regarded as Korea's programmes, projects, actions and activities, or parts thereof, equivalent to Pillar II of Horizon Europe:

- Original Technology Program, Social Welfare Technology Program, Joint Research Program (managed by the National Research Foundation of Korea);
- R&D Programmes for technology development and standardization in the digital field (managed by the Institute of Information & Communication Technology Planning & Evaluation);
- R&D Programmes for Quantum Technology (managed by the National Research Foundation of Korea and the Institute of Information & Communication Technology Planning & Evaluation);
- Healthcare and Social Welfare R&D Program (managed by the Korea Health Industry Development Institute);

- International Technology R&D Collaboration Program (managed by the Korea Institute for Advancement of Technology);
 - Energy International Joint R&D Program, Renewable Energy Program, Hydrogen & Fuel Cell R&D Program, Energy Efficiency Enhancement Program, Smart Grid Program, Energy Storage System R&D Program, Energy Resources Recycling Program (managed by the Korea Institute of Energy Technology Evaluation and Planning);
 - Material, Components Equipment Technology Program, Key Technology Program of Carbon Reduction for Green Transformation in Manufacturing Industry, Core Industries Program (managed by the Korea Planning & Evaluation Institute of Industrial Technology);
 - R&D Programmes for Infrastructure, Construction, Smart City, Architecture, Transportation and Logistics, Railroad, and Aviation Technology (managed by the Korea Agency for Infrastructure Technology Advancement).
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