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Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND
OF THE COUNCIL on the European Institute of Innovation and Technology
(recast)

- *Outcome of proceedings: final compromise text*

Delegations will find in the Annex the text endorsed by the Permanent Representatives Committee on 17 February 2021 on the above mentioned proposal.

Proposal for a

REGULATION (EU) 2021/...
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of ...

on the European Institute of Innovation and Technology

(recast)

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 173(3) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

After consulting the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure²,

¹ OJ C 47, 11.2.2020, p. 69.

Whereas:

- (1) Regulation (EC) No 294/2008 of the European Parliament and of the Council³ has been substantially amended⁴. Since further amendments are to be made, that Regulation should be recast in the interests of clarity.
- (1a) The periodic evaluations of the EIT and the experience in applying Regulation (EC) No 294/2008 show that substantial changes are necessary to further improve the EIT model and its underlying processes. Moreover, the EIT interim evaluation and the *ex-ante* impact assessment have identified a number of areas for improvement, inter alia the KICs' funding model, the integration of EIT KICs in local innovation ecosystems, KICs' openness and transparency and the EIT monitoring. This recast offers the opportunity to address also these aspects.
- (2) Member States are primarily responsible for sustaining a strong European industrial, competitive and innovative base. However, the nature and scale of the innovation challenge also require action to be taken collaboratively at Union level.
- (3) The European Institute of Innovation and Technology ('EIT') is established to complement existing Union and national policies and initiatives by fostering the integration of the knowledge triangle — higher education, research and innovation — across the Union.
- (3a) The EIT should contribute to reinforcing the innovation capacity of all Member States and the Union in order to tackle major challenges faced by society thereby contributing to sustainable Union economic development and competitiveness.

² Position of the European Parliament of ... (not yet published in the Official Journal) and decision of the Council of

³ Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology (OJ L 97, 9.4.2008, p. 1).

⁴ See Annex II.

- (4) The EIT, through its Knowledge and Innovation Communities ('KICs'), should aim to strengthen innovation ecosystems across the Union in an open and transparent manner. In order to achieve this objective, the EIT should facilitate and enhance networking, integration and cooperation and promote synergies between different innovation communities across Europe. It also aims to deliver on the Union strategic priorities and contribute to the realisation of EU objectives and policies, including the European Green Deal, the European Recovery Plan, a European strategy for data, an SME Strategy for a sustainable and digital Europe and a New Industrial Strategy for Europe and achieving the Union's strategic autonomy while preserving an open economy. Furthermore, it should contribute to tackling global challenges, including the United Nations Sustainable Development Goals (SDGs) by following the principles of the 2030 Agenda and the Paris Agreement, and to achieving a net-zero greenhouse gas economy by 2050 at the latest. This transition will only be possible through a boost in research and innovation, which underscores the need to reinforce favourable conditions and investments in enhancing Europe's knowledge base and research and innovation capacity, in particular in green climate-friendly technologies and innovations.
- (4a) The EIT should enhance openness of its KICs in order to strengthen collaborative links and create synergies between different innovation communities in Europe, thereby facilitating geographical diversity and talent circulation.

- (5) The strategic priority fields and financial needs for the EIT for a period of seven years, covering the respective Multiannual Financial Framework ('MFF'), should be laid down in a Strategic Innovation Agenda ('SIA'). The SIA should ensure alignment with Horizon Europe, including in reporting, monitoring and evaluation, and should take into account its strategic planning. It should foster synergies with other parts of Horizon Europe, other relevant Union programmes of the MFF as well as with other relevant Union, national and regional initiatives, policies and instruments, in particular with those supporting research and innovation, education and skills development, sustainable and competitive industry, entrepreneurship and regional development. Given the importance of the SIA for Union innovation policy and the expected socio-economic impact for the Union, the SIA should be adopted by the European Parliament and the Council on the basis of a Commission proposal based on a contribution provided by the EIT. Those contributions should also be made available to the European Parliament and Council.
- (5a) The crisis resulting from the outbreak of COVID-19 has caused major disruptions on Member States' health and economic systems. The overcoming of the social, economic, environmental and technological impacts deriving from this crisis will require the collaboration of all Union institutions, bodies, offices and agencies. The EIT and KICs should make full use of their flexibility to respond to existing as well as new and unexpected challenges and priorities, and may adopt measures and initiatives to provide appropriate support to their ecosystems. In particular, the EIT and its KICs should contribute to the innovation efforts that are needed to tackle the impact of the COVID-19 crisis, in accordance with the priorities of the Union's recovery plan, the European Green Deal, the Union Industrial Strategy and the UN Sustainable Development Goals while ensuring synergy with other Union's initiatives and partnerships.

- (6) In line with Horizon Europe, the activities of the EIT should address strategic long-term challenges, particularly in trans- and/or inter-disciplinary areas including the development of innovative non-technological solutions as a necessary complement to technology focused innovation activities. In so doing, the EIT should promote periodic dialogue with civil society and with research and innovation centres, SMEs, higher education and industry.
- (7) The EIT should, through its KICs, give priority to the transfer of its higher education, research and innovation and entrepreneurial activities to the business context and to their commercial application and support the innovation and entrepreneurial capacity of higher education institutions and the creation and development of innovative businesses, in complementarity with the European Innovation Council (EIC), as well as other relevant parts of Horizon Europe, and the InvestEU Programme.

- (8) The EIT should operate through excellence-driven Institutionalised European Partnerships of higher education institutions, research organisations, companies, including SMEs, public companies, local authorities, as well as social enterprises and relevant not-for-profit organisations and other stakeholders. Given the innovative nature of certain enterprises in relation to the goods or services they offer, their organisation or the production methods they employ, the promotion of social entrepreneurship and a closer engagement of SMEs and social enterprises that ensures their active participation, should be pursued. Those partnerships should aim to become financially sustainable by mobilising funds from other public and private sources and to attract and engage the widest possible range of relevant new partners. They should be selected and designated as KICs by the Governing Board of the EIT, according to the priority fields and time schedule defined in the SIA, taking into account the priorities as set out within the Horizon Europe strategic planning, addressing emerging global and social challenges. They should be selected on the basis of a competitive, open, transparent and excellence-based process, in accordance with this Regulation and with the criteria of Horizon Europe for the selection of European Partnerships. The first such KIC should relate to Cultural and Creative Sectors and Industries (CCSI), to be launched as soon as possible in 2022 or 2023 and the second should relate to the Water, Marine and Maritime Sectors and Ecosystems to be launched in 2026.
- (9) Taking into account the specificity of KICs, it is necessary to provide for special minimum conditions to form a KIC, derogating from the rules for participation and dissemination of Horizon Europe. Similarly, specific rules on ownership, access rights, exploitation and dissemination may be necessary for KIC added-value activities, if duly justified.

- (10) The Governing Board should steer the activities of the EIT and be responsible for the selection, designation, financing, monitoring and evaluation of the activities of the KICs in line with the provisions of Horizon Europe and the SIA. Membership of the Governing Board should balance experience in the fields of education, research, innovation or business, as well as gender and geographical coverage, having excellence as a guiding principle.
- (10a) The EIT should organise continuous monitoring and periodic external evaluations of the output, results and impact of each KIC, including the progress of KICs towards financial sustainability, cost-efficiency and openness to new members. Those periodic evaluations should, in particular, include interim reviews, covering the first three years of the partnership agreement and, in the case of extension, three years following its extension, comprehensive assessments, conducted before the end of the seventh year of the Partnership Agreement, and final reviews, conducted before the end of the Partnership Agreement in case of extension. The EIT, through its Governing Board, should take corrective measures towards the KICs when appropriate.
- (10b) The EIT and the KICs should regularly inform the Member States' Representatives Group of their performance, achievements and activities, the results of their monitoring and evaluation and their performance indicators and corrective measures. The Member States' Representatives Group should advise the Governing Board, the Director on strategically important issues and advise and share experience with the EIT and the KICs. The EIT should organise meetings of the Member States' Representatives Group.

- (11) In order to contribute to the competitiveness and to reinforce the international attractiveness of the European economy and its innovation and entrepreneurial capacity, the EIT and the KICs should be able to attract partner organisations, researchers and students from across the Union, including from the Union’s outermost regions, and beyond, including by encouraging their mobility.
- (12) Relations between the EIT and the KICs should be based on partnership agreements and grant agreements, which will set out the KICs’ rights and obligations as well as the EIT performance-based financial contribution to a KIC. In order to limit the administrative burden of KICs and ensure more long-term planning resources and activities, the EIT should sign multiannual grant agreements with KICs of up to 3 years, or annual grant agreements when deemed more appropriate. By way of derogation from Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council⁵ (the ‘Financial Regulation’), the EIT should be able to establish such partnership agreement for an initial period of seven years and, subject to positive performance, interim review and outcome of comprehensive assessment of the KIC, extend it beyond that period for another period of a maximum of seven years. After the end date of the partnership agreement, the EIT and a KIC may conclude a Memorandum of Cooperation with the aim of maintaining active cooperation.

⁵ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

- (13) There is a need to support higher education as an integral, but often missing, component of the knowledge triangle. The partnership agreements, grant agreements and memoranda of cooperation between the EIT and KICs should provide that the degrees and diplomas awarded through the KICs should be awarded by participating higher education institutions, which should be encouraged to label them in accordance with national rules and accreditation procedures, also as EIT degrees and diplomas. In addition, the EIT should strengthen the promotion of the EIT-labelled degrees and diplomas in order to increase their recognition outside the EIT Community and extend them to lifelong learning programmes, vocational training, skilling, re-skilling and up-skilling programmes. Through its activities and work, the EIT should help promote mobility for students, researchers and staff as well as provide opportunities for lifelong learning, mentoring and coaching. All those activities should be carried out without prejudice to Directive 2005/36/EC of the European Parliament and of the Council⁶.
- (14) Appropriate provisions should be made to guarantee the liability, openness and transparency of the EIT. Appropriate rules regulating its governance and functioning should be laid down in the Statutes of the EIT.
- (15) The EIT should possess legal personality and, in order to guarantee its functional autonomy and independence of national authorities and external pressures, it should administer its own budget whose revenue should include a contribution from the Union.

⁶ Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications (OJ L 255, 30.9.2005, p. 22). Directive as last amended by Commission Regulation (EC) No 1430/2007 (OJ L 320, 6.12.2007, p. 3).

- (16) It is expected that industry, the finance and service sectors will contribute significantly to the budget of the KICs. The KICs should in particular aim to maximise the share of contributions from private sources and from income generated by their activities and to pursue and achieve financial sustainability at the latest before the expiry of the 15 years of EIT financial support. The KICs and their partner organisations should publicise the fact that their activities are undertaken in the context of the EIT and that they receive a financial contribution from the general budget of the Union. Furthermore, transparency of the funding should be increased by providing publicly available information on which projects are funded and on the allocation of the funding.
- (17) The Union budgetary procedure should be applicable as far as the Union financial contribution chargeable to the general budget of the Union is concerned. The auditing of accounts should be undertaken by the Court of Auditors in accordance with the Financial Regulation.
- (17a) The EIT should make best efforts to facilitate a smooth transition from the current period to the next MFF period, in particular for the ongoing activities.
- (17b) The revenue of the EIT should include the contribution from the Union provided through the financial contribution from Horizon Europe and can include contributions from other private and public sources.

- (18) The EIT is a body set up by the Union within the meaning of Article 70 of the Financial Regulation and should adopt its financial rules accordingly. Consequently Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of the Financial Regulation⁷ should apply to the EIT.
- (19) The EIT should produce a consolidated annual activity report, outlining the activities conducted and results of the operations in the preceding calendar year. The EIT should also produce a single programming document, based on the SIA and in accordance with EIT financial rules, outlining its planned initiative in terms of annual and multiannual programming and allowing the EIT to respond to internal and external developments in the fields of research, society, technology, higher education, innovation and other relevant areas. That single programming document should be transmitted to the European Parliament and the Council for information purposes.
- (19a) Since its creation, the EIT has benefited from the expertise of its staff members. However, due to the legal framework applicable under Regulation (EC) No 294/2008 some of those staff contracts have expired without the possibility of renewal. To avoid such a situation in the future, and given the importance of human expertise for the success of the EIT activities, it is in the EIT's best interest to make every effort, within the applicable legal framework, to attract and retain qualified staff.

⁷ Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (OJ L 122, 10.5.2019, p. 1).

- (20) It is appropriate that the Commission initiate independent, external evaluations of the operation of the EIT, including the activities managed through the KICs, in particular with a view to preparing the SIA. Those evaluations should examine how the EIT fulfils its mission, cover all activities of the EIT and KICs and should assess the European added value of the EIT, the impact across the Union, openness, effectiveness, sustainability, efficiency, outreach activities, communication, visibility, dissemination of results, the relevance of the activities pursued and whether they are coherent with and/or complement relevant Union and national policies, including any synergies with other parts of Horizon Europe. Those evaluations should feed into the Commission programme evaluations provided for in Horizon Europe.
- (20a) The EIT should make best efforts to streamline the terminology related to the structure of each KIC, with the purpose of further simplifying, clarifying and enhancing recognisability of the EIT.
- (20b) In order to contribute to tackling disparities in innovation in Europe, the EIT should, in particular through its Regional Innovation Scheme (RIS) and as further defined in the SIA, support the innovation capacity of countries and regions, aim to strengthen innovation ecosystems to tackle global challenges and integrate new partner organisations in KICs' communities.
- (20c) The KICs, acting as an innovation facilitator, should consider the smart specialisation strategy priorities of Member States and thus enhance their innovation capacity by fully reflecting regional capacities and potential, opportunities, weaknesses, as well as local actors and their activities and markets.

- (20d) It is essential to promote strong synergies between the EIT and the European Innovation Council (EIC). EIT KICs should stimulate the creation of innovative companies in close synergy with the EIC, while avoiding duplication, and EIT beneficiaries should be able to apply to the EIC instruments for support additional to the services provided by the EIT KICs. In particular, start-ups with a high growth potential supported by KICs should have simplified and thereby faster access to EIC actions in accordance with the relevant provisions of Horizon Europe in order to help them scale-up rapidly, while the EIC beneficiaries should benefit from support schemes provided by the EIT. With the aim of avoiding silos and favouring synergies and collaboration, the EIT and EIC should envisage reciprocal and systematic exchanges of information. In addition, the EIT Governing Board can invite members of the EIC Advisory Board as observers at its meetings where relevant.
- (20e) In order to ensure the continuity of the EIT's activities as well as of the KICs' activities in compliance with the relevant provisions of the Horizon Europe Framework Programme Regulation, it is necessary to provide for the application of certain provisions of this Regulation from the beginning of the 2021 financial year and for this Regulation to enter into force as a matter of urgency on the day of its publication in the *Official Journal of the European Union*.
- (21) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States but can rather, for reasons of scale and transnationality, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives,

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter

A European Institute of Innovation and Technology ('EIT') is established.

Article 2

Definitions

For the purpose of this Regulation, the following definitions shall apply:

- (1) 'innovation' means the process, including its outcome, by which new ideas respond to societal, economic or environmental needs and demand and generate new products, processes, services or business, organisational and social models that are successfully introduced into an existing market or that are able to create new markets and that provide value to society;
- (2) 'Knowledge and Innovation Community' (KIC) means a large-scale institutionalised European partnership, as referred to in Horizon Europe, of higher education institutions, research organisations, companies and other stakeholders in the innovation process in the form of a strategic network, regardless of its precise legal form, based on joint mid- to long-term innovation planning to meet the EIT challenges and contribute to attaining the objectives established under Horizon Europe;
- (2a) 'co-location centre' means a physical hub, established in an open and transparent manner, which promotes linkages and active collaboration among knowledge triangle actors and acts as a focal point for knowledge exchange through which KICs' partners can access facilities and the expertise needed to pursue their common objectives;

- (2b) ‘RIS Hub’ means a physical hub, established by a KIC in a Member State or Associated Country targeted by the RIS. It is part of the structure of the said KIC and serves as focal point for the KIC’s activities and for the mobilisation and involvement of local knowledge triangle actors in the KIC’s activities;
- (3) ‘partner organisation’ means any legal entity which is a member of a KIC and may include, in particular, higher education institutions, vocational education and training providers, research organisations, public institutions, public or private companies, financial institutions, regional and local authorities, foundations and not-for profit organisations;
- (4) ‘research organisation’ means any public or private legal entity which undertakes research or technological development as one of its main objectives;
- (5) ‘higher education institution’ means a university or any type of higher education institution which, in accordance with national legislation or practice, offers degrees and diplomas in particular at masters or doctoral level, irrespective of its denomination in the national context;
- (6) ‘EIT Community’ means the EIT and the active community of all individuals and legal entities which benefited or benefit from the EIT support or financial contribution;
- (7) ‘Strategic Innovation Agenda’ (‘SIA’) means an act setting out the priority fields and the strategy of the EIT for future initiatives, its capacity to generate the best innovation added-value, objectives, key actions, its mode of operation, expected results and resources needed covering Horizon Europe and the MFF;

- (8) ‘Regional Innovation Scheme’ (‘RIS’) means a scheme fostering the integration of the knowledge triangle and the innovation capacity of countries (and regions in those countries) that are identified as “moderate” or “modest” innovators in the European Innovation Scoreboard as referred to in the SIA and of the outermost regions within the meaning of Article 349 TFEU, in particular by attracting and integrating new partners into the KICs and bridging regional disparities and thereby mitigating the innovation divide;
- (9) ‘Stakeholder Forum’ means a platform open to representatives of Union institutions, national, regional and local authorities, organised interests and individual entities from business, higher education, research, associations, civil society and cluster organisations, as well as other interested parties from across the knowledge triangle;
- (10) ‘KIC business plan’ means a document covering a period of up to 3 years, describing the KIC's objectives, the ways to achieve them, the expected results, the planned KIC added-value activities and the related financial needs and resources, including the actions aiming to achieve financial sustainability and increase KICs' openness to new partners from across the Union. This document will be annexed to the grant agreement;
- (11) ‘KIC added-value activities’ means activities carried out by partner organisations in accordance with the KIC business plan, contributing to the integration of the knowledge triangle of higher education, research and innovation, including the establishment, administrative and coordination activities of the KICs, and contributing to the overall objectives of the EIT;

- (11a) ‘cross-KIC activities’ means activities that aim at enhancing the cooperation and synergies between KICs, fostering a more inter-disciplinary approach and creating a critical mass among KICs to tackle topics of common interest;
- (12) ‘memorandum of co-operation’ means an agreement between the EIT and a KIC, aimed at keeping a KIC as an active member of the EIT Community after the end date of the partnership agreement, and which includes the conditions for access to EIT competitive calls for some specific activities and transnational activities with a high EU added value;
- (13) ‘financial sustainability’ means a capacity of a KIC to finance its knowledge triangle activities independently of contributions from the EIT.

Article 3

Mission and objectives

The EIT’s mission is to contribute to sustainable Union economic growth and competitiveness by reinforcing the innovation capacity of all Member States and the Union in order to address major challenges faced by society. It shall do this by promoting synergies, integration and cooperation among higher education, research and innovation of the highest standards, including by fostering entrepreneurship, thereby strengthening the innovation ecosystems in an open and transparent manner. The EIT shall also deliver on the Union strategic priorities and contribute to the realisation of Union objectives and policies, including the European Green Deal, the European Recovery Plan, a European strategy for data, an SME Strategy for a sustainable and digital Europe and a New Industrial Strategy for Europe and achieving the Union's strategic autonomy while preserving an open economy. Furthermore, it shall contribute to tackling global challenges, including the United Nations Sustainable Development Goals by following the principles of the 2030 Agenda and the Paris Agreement, and achieving a net-zero GHG economy by 2050 at the latest.

For the budget period of 2021-2027, the EIT shall contribute to delivering on the general and specific objectives of Horizon Europe, taking fully into account the strategic planning.

Article 4

SIA

1. The SIA shall define the priority fields and strategy for the EIT for the seven-year period concerned, in line with the objectives and priorities of Horizon Europe, and shall include an assessment of its expected socioeconomic impact, the outreach activities of the EIT and its capacity to generate the best innovation added-value. The SIA shall be aligned with reporting, monitoring and evaluation and other requirements of Horizon Europe and shall take into account the results of the monitoring and evaluation of the EIT as referred to in Article 19.
2. The SIA shall take into account the strategic planning of Horizon Europe ensuring coherence with the challenges of that programme, as well as complementarity with the EIC established under Horizon Europe, and shall establish and foster appropriate synergies and complementarities between the EIT activities and other relevant Union, national and regional programmes supporting research and innovation, education and skills development, sustainable and competitive industry, entrepreneurship, and regional development.

3. The SIA shall include an estimate of financial needs and sources in view of the future operation, long-term development and funding of the EIT. It shall also contain an indicative financial plan covering the period of the respective MFF.
4. The EIT shall, after consulting the existing KICs and taking their opinions into account, prepare a contribution to the Commission's proposal on the SIA and submit it to the Commission and make it public.
5. Acting on the proposal from the Commission, the European Parliament and the Council shall adopt the SIA in accordance with Article 173(3) of the Treaty on the Functioning of the European Union.

Article 5

EIT bodies and Member States' Representatives Group

1. The bodies of the EIT shall comprise those set out in points (a) to (d).
 - (a) A Governing Board shall be composed of high-level members with proven experience in the fields of higher education, research, innovation or business. The Governing Board shall be responsible for steering and monitoring the activities of the EIT, for the selection, designation, financing, monitoring and evaluation of the KICs, including taking appropriate corrective measures in the event of underperformance and all other strategic decisions. The selection of the Governing Board shall take into account criteria concerning gender and geographical balance.

- (b) An Executive Committee shall be composed of selected members representing all three dimensions of the knowledge triangle and the Chairperson of the Governing Board. It shall assist the Governing Board in the performance of its tasks and prepare the Governing Board's meetings in cooperation with the Director.
 - (c) A Director shall be appointed by the Governing Board, shall act as the legal representative of the EIT and shall be responsible for the implementation of Governing Board decisions, the EIT operations and day-to-day management.
 - (d) An Internal Auditing Function shall operate in complete independence and in compliance with the relevant international standards. It shall advise the Governing Board and the Director on financial and administrative management and control structures within the EIT, on the organisation of financial links with KICs and on any other subject requested by the Governing Board.
2. The detailed provisions regarding the EIT bodies are set out in the Statutes of the EIT, which are annexed to this Regulation.
 3. A Member States' Representatives Group shall be established.

It shall be composed of one representative from each Member State and each associated country.

The Member States' Representatives Group shall:

- (a) advise the Governing Board and the Director on the extension or termination of the EIT's partnership agreements with the KICs as referred to in Section 3(5a) of the Annex;

- (b) advise the Governing Board and the Director on the conclusion of a Memorandum of Cooperation with each KIC in accordance with Section 3(5a) of the Annex;
- (c) advise and share experience with the Governing Board and the Director on strategically important issues to the EIT other than those referred to in points (a) and (b);
- (d) advise and share experience with the KICs;
- (e) be regularly informed and give views on the performance, achievements and activities of the EIT and the KICs, on the monitoring and evaluation results, on the performance indicators and on the corrective measures.

Article 6

Tasks

In order to achieve its mission and objectives, the EIT shall in particular:

- (a) identify, in accordance with the SIA, its main priorities and activities, and implement these in accordance with the applicable rules and provisions of Horizon Europe;
- (b) ensure openness to and raise awareness among potential new partner organisations and encourage their participation in its activities, especially among SMEs and emerging centres of excellence, across the Union, including through the RIS, by building on existing networks of information and structures;

- (c) select and designate KICs in the priority fields in accordance with Article 9 and define their rights and obligations by partnership agreements and grant agreements, supervise and provide them with appropriate support and strategic guidance, by appropriate quality control measures, and continuous monitoring and periodically evaluate their activities in accordance with Article 11, and take corrective measures when appropriate;
- (ca) steer the implementation of the RIS, including through the implementation of RIS Hubs by the KICs;
- (d) ensure an appropriate level of coordination and facilitate communication and thematic cooperation between the KICs and launch calls for cross-KIC activities and shared services;
- (e) ensure the widespread implementation of EIT-labelled degrees and diplomas by KICs, strengthen their promotion outside the EIT Community and extend them to lifelong learning programmes;
- (f) promote the dissemination of best practices for the integration of the knowledge triangle, including among KICs and across the Union, inter alia through the RIS, in order to develop a common innovation and knowledge transfer culture, and to encourage the openness of KICs to new members through outreach activities ;
- (fa) promote the wide dissemination, communication and exploitation of the results and opportunities emerging from the EIT Community in order to increase the awareness, visibility and knowledge of the EIT across the Union, as well as to encourage participation in EIT Community activities;

- (fb) support the KICs in the development of an effective financial sustainability strategy for the mobilisation of funds from other public and private sources;
- (g) foster excellence in higher education, research and innovation, in particular by promoting the KICs as excellent innovation partners;
- (h) promote multidisciplinary approaches to innovation, across all sectors, including through the integration of technological, social and non-technological solutions, sustainability and climate neutrality by design, organisational approaches, focus on entrepreneurship and new business models;
- (i) ensure complementarity and synergy between EIT activities and other Union programmes, where appropriate as referred to in Horizon Europe;
- (ia) foster the discussion and exchange and dissemination of expertise and knowhow between KICs with regard to innovative Intellectual Property Rights models, with the aim of promoting knowledge transfer and dissemination, both within the context of the KICs and more widely across the Union;
- (ib) provide the necessary support and synergies with the KICs to develop innovative solutions;
- (j) organise regular meetings, at least biennial, of a Stakeholder Forum to share and discuss the activities of the EIT, its experiences, best practices and contribution to Union innovation, research and education policies and objectives, as well as other Union policies and objectives when relevant, and to allow stakeholders to express their views;

- (k) organise meetings of a Member States' Representatives Group, at least twice a year, independently from the meetings of the Stakeholder Forum. The Member States' Representatives Group shall also facilitate appropriate synergies and complementarities between EIT and KIC activities with national programmes and initiatives, including the potential national co-financing of KIC activities;
- (ka) facilitate the establishment of EIT Community shared services facilities;
- (kb) encourage the networking, over time, of the RIS Hubs and Co-location Centres in all Member States in order to facilitate their cooperation within the EIT Community and with the local innovation ecosystems;
- (l) monitor the implementation of activities to be undertaken by the KICs for the development of the entrepreneurial and innovation capacity of their member organisations, in particular HEIs, professional training institutions, SMEs and start-ups and their integration in innovation ecosystems, throughout the Union and in line with the knowledge triangle approach;
- (la) design, in cooperation with the Commission and with an input from the KICs, launch and coordinate a pilot higher education initiative, which will be implemented by the KICs, aiming to support the development of innovation and entrepreneurial capacity of HEIs and their integration in innovation ecosystem.

Article 7

KICs

1. KICs shall in particular undertake:
 - (a) innovation activities and investments with European added value, including facilitating the creation of innovative start-ups and the development of innovative businesses in complementarity with the EIC and InvestEU, fully integrating the higher education and research dimensions to attain a critical mass and stimulating the dissemination and exploitation of results;
 - (b) innovation-driven research, experimentation, prototyping and demonstration in areas of key economic, environmental and societal interest and drawing on the results stemming from Union and national research, with the potential to strengthen the Union's competitiveness at international level and find solutions for the major challenges faced by European society, including those relating to health and the digital market;
 - (c) education and training activities in particular at masters and doctoral level, as well as professional training courses, in areas with the potential to meet future European socio-economic and socio-ecological needs and which expand the Union's talent base, promote the development of innovation-related skills, the improvement of managerial and entrepreneurial skills and the mobility of researchers and students, and foster knowledge-sharing, mentoring and networking among the recipients of EIT education and training activities, including those that are EIT-labelled;

- (ca) actions as part of the pilot on supporting HEIs to better integrate in innovation value chains and ecosystems and bringing them together with other key innovation players from the knowledge triangle and thereby improve their innovation and entrepreneurial capacity;
- (d) outreach activities and the dissemination of best practices in the field of innovation with a focus on development of cooperation between higher education, research and business, including the service and financial sectors, and, where relevant, public and third sector organizations;
- (da) RIS activities, fully integrated in the KICs' multiannual strategy and linked to the relevant Smart Specialisation Strategies in order to strengthen the innovation capacity and to develop sustainable innovation ecosystems with a view to decreasing the disparities and divide in innovation performance across the Union;
- (e) to seek synergies and complementarities between KIC activities and existing European, national and regional programmes, in particular the EIC, other European Partnerships and Missions under Horizon Europe, where appropriate;
- (ea) to mobilise funds from public and private sources. They shall in particular seek to raise an increasing proportion of their budget from private sources and from income generated by their own activities, in accordance with Article 17;
- (eb) providing on request information on research and innovation outputs and results, and related intellectual rights, developed under the KICs activities and on the relevant inventors.

2. Without prejudice to the partnership agreements and grant agreements between the EIT and the KICs, the KICs shall have substantial autonomy to define their internal organisation and composition, as well as their agenda and working methods, provided that they result in progress towards achieving the KICs' and the EIT's objectives, while taking into account the strategic plan and the strategic directions of the EIT set out in the SIA and by the Governing Board. In particular, KICs shall:
 - (a) establish internal transparent governance arrangements which reflect the knowledge triangle of higher education, research and innovation;
 - (b) ensure and promote their openness through clear and transparent accession and exit criteria, including through open calls, to all potential new partner organisations across the Union that add value to the partnership;
 - (c) establish internal rules, including codes of conduct, that ensure the functioning of the KICs in an open and transparent way;
 - (d) establish and implement the KIC business plans;
 - (e) establish and implement strategies for achieving financial sustainability.
- 2a. KICs may adopt measures and initiatives aiming to mitigate the effects of the COVID-19 crisis, in particular actions aiming to increase the resilience of microenterprises, SMEs and start-ups, as well as students, researchers and employees.
3. The relationship between the EIT and each KIC shall be based on partnership agreements, grant agreements or, subject to the provisions of Article 11a, memoranda of cooperation.

Article 8

Rules for participation and dissemination

The rules for participation and dissemination of Horizon Europe shall apply. By way of derogation from those rules:

- (a) the minimum conditions to form a KIC are set out in Article 9(3) and (4) of this Regulation;
- (b) specific rules on ownership, access rights, exploitation and dissemination may apply for KIC added-value activities, where appropriate.

Article 9

Selection and designation of KICs

1. A partnership shall be selected and designated by the EIT to become a KIC following a competitive, open and transparent procedure. The conditions and criteria of Horizon Europe, inter alia of Article 25(3) of Horizon Europe Regulation, as well as for the selection of European partnerships, shall apply. The EIT Governing Board may further specify those criteria, by adopting and publishing criteria for the selection of KICs based on the principles of excellence and innovation relevance in delivering on global challenges and Union policy priorities.
2. The EIT shall launch the selection and designation of KICs according to the priority fields and time schedule defined in the SIA, taking into account the priorities set out in the strategic planning of Horizon Europe.
3. The minimum condition to form a KIC is the participation of at least three independent partner organisations, comprising at least one HEI, one research institution and one private undertaking and established in at least three different Member States.

4. In addition to the condition set out in paragraph 3, at least two thirds of the partner organisations forming a KIC shall be established in the Member States. At least one higher education institution, one research organisation and one private company shall be part of each KIC.
5. The EIT shall adopt and publish criteria and procedures for financing, monitoring and evaluating the activities of the KICs prior to the launching of the selection procedure for new KICs. The Member States' Representatives Group referred to in Article 6(2) and the European Parliament shall be promptly informed of them.

Article 10

Principles for the evaluation and monitoring of KICs

The EIT shall, on the basis of indicators and monitoring provisions set out, inter alia, in Horizon Europe and in the SIA, and in close cooperation with the Commission, organise continuous monitoring and periodic external evaluations of the output, results and impact of each KIC, including the progress of the KICs towards financial sustainability, cost-efficiency and openness to new members.

The results of such monitoring and evaluations shall be reported to the European Parliament and to the Council and shall be made public.

Article 11

Duration, continuation and termination of a partnership agreement

1. By way of derogation from Article 130(4)(c) of the Financial Regulation, the EIT may establish a partnership agreement with a KIC for an initial period of seven years.
 - 1a. Based on the continuous monitoring of the KICs, in accordance with Article 10, the EIT under the supervision of the Governing Board shall prepare interim reviews of the KICs performance and activities covering the first three years of the partnership agreement.

In the case of an extension of the partnership agreement, the EIT shall prepare such interim reviews covering the first three years following its extension.

The Governing Board shall make those interim reviews public.

2. After consulting the Member States' Representatives Group, the Governing Board may decide to extend the partnership agreement for another period of a maximum of seven years or to discontinue the EIT's financial contribution and not to extend the partnership agreement with a KIC on the basis of:
 - (a) the outcome of the interim review referred to in the first subparagraph of paragraph 1a; and
 - (b) the outcome of a comprehensive assessment, conducted with support of external experts before the expiry of the initial seven-year period.

The EIT shall inform the European Parliament and the Council before extending the initial seven-year period.

- 2a. For the purposes of deciding whether to extend or not the partnership agreement with a KIC under paragraph 2, the Governing Board shall take into account the criteria of Horizon Europe for implementing, monitoring and evaluating the European Partnerships and the KICs:
- (a) relevance to the Union’s global challenges;
 - (b) EU added value and relevance with regard to the objectives of the EIT;
 - (c) achievement of its goals;
 - (d) coordination efforts with other relevant research and innovation initiatives;
 - (e) capacity to ensure openness to new members;
 - (f) achievements in attracting new members from across the Union;
 - (g) compliance with good governance principles;
 - (h) efforts and results in designing and implementing gender-sensitive measures and activities;
 - (i) capacity to develop sustainable innovation ecosystems and achieved level of financial sustainability.
3. In the event that the monitoring, the interim reviews or the comprehensive assessment of a KIC show inadequate progress in areas referred to in Article 10 or lack of European added value, the Governing Board shall take appropriate corrective measures, including the reduction, modification or withdrawal of the EIT’s financial contribution or the termination of the partnership agreement.
4. Subject to the outcome of a final review before the expiry of the extended partnership agreement, the EIT may conclude a memorandum of cooperation with a KIC.

Article 11a

Memorandum of Cooperation

1. Subject to a positive outcome of the final review and before the expiry or termination of the partnership agreement, the Governing Board, may conclude a memorandum of cooperation with a KIC. In case that no memorandum of cooperation is concluded, the KIC shall no longer be allowed to use the EIT brand for its activities.
2. The duration and content structure of the memorandum of cooperation shall be defined by the Governing Board taking into account an in-depth independent study. The study shall also include an assessment of the KIC's efforts to achieve financial sustainability, generated revenues and KIC's financial outlook. In addition, the assessment shall identify those activities, if any, that might be at risk of continuation due to the lack of resources.
3. The Memorandum of Cooperation shall include inter alia:
 - (a) rights and obligations linked to the continuation of the knowledge triangle activities as well as maintenance of the KIC's ecosystem and network;
 - (b) use of the EIT brand and participation in EIT Awards and in other initiatives organised by the EIT;
 - (c) participation in higher education and training activities including the use of the EIT Label for education & training programmes and relations with the EIT Alumni Community;
 - (d) conditions for participation in EIT competitive calls for some specific activities, including cross-KIC activities;
 - (e) conditions for additional support from the EIT for transnational coordination activities among the CLCs with a high EU added value.

Article 12

Degrees and diplomas

1. Degrees and diplomas relating to the higher education activities referred to in point (c) of Article 7(1) shall be awarded by participating HEIs and recognised training providers in accordance with national rules and accreditation procedures. The partnership agreements and grant agreements between the EIT and the KICs shall provide that these degrees and diplomas shall also be labelled EIT degrees and diplomas.
2. The EIT shall encourage participating HEIs and recognised training providers to:
 - (a) award joint or multiple degrees and diplomas, reflecting the integrated nature of the KICs. However, these may also be awarded by a single higher education institution;
 - (b) disseminate best practices on horizontal issues;
 - (ba) promote and publicise the EIT Label in their training and diplomas;
 - (bb) develop different strategies with the aim to promote the effective cooperation with innovation ecosystems and businesses and fostering the entrepreneurial mind-set;
 - (bc) create programmes focusing on lifelong learning and certification;
 - (bd) pay special attention to gender balance and gender-sensitive approaches, especially in areas where women continue to be underrepresented, such as ICT, Science, Technology, Engineering and Mathematics;
- (c) take into account:
 - (i) Union action undertaken in accordance with Articles 165 and 166 of the Treaty;
 - (ii) action undertaken in the context of the European Higher Education Area.

Article 13

Operational independence of the EIT and consistency with Union, Member State or intergovernmental action

1. The EIT shall carry out its activities independently of national authorities and external pressures, while being consistent through coordination with other action and instruments to be implemented at Union level, in particular in the fields of higher education, research and innovation.
2. The EIT shall also seek synergies and complementarities by taking appropriate account of policies and initiatives at regional, national and intergovernmental levels in order to make use of best practices, well established concepts and existing resources.

The Commission shall offer the EIT all the necessary support in establishing appropriate synergies and complementarities with other Horizon Europe activities, as well as other Union initiatives and programmes, while avoiding duplication.

The Commission shall provide recommendations to the EIT to reduce the administrative burden on KICs.

Article 14

Legal status

1. The EIT shall be a Union body and shall have legal personality. In each of the Member States, it shall enjoy the widest possible legal capacity accorded to legal persons under national legislation. In particular, it may acquire or dispose of movable and immovable property and be a party to legal proceedings.
2. Protocol No 7 on the Privileges and Immunities of the European Union shall apply to the EIT.

Article 15

Liability

1. The EIT shall be solely responsible for meeting its obligations.
2. The contractual liability of the EIT shall be governed by the relevant contractual provisions and the law applicable to the contract in question. The Court of Justice shall have jurisdiction pursuant to any arbitration clause contained in a contract concluded by the EIT.
3. In the case of non-contractual liability, the EIT shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by it or its servants in the performance of their duties.

The Court of Justice shall have jurisdiction in any dispute relating to compensation for such damage.

4. Any payment by the EIT for covering the liability referred to in paragraphs 2 and 3 and the costs and expenses incurred in connection therewith shall be considered expenditure of the EIT and shall be covered by the resources of the EIT.
5. The Court of Justice shall have jurisdiction in actions brought against the EIT under the conditions provided for in Articles 263 and 265 of the Treaty.

Article 16

Transparency and access to documents

1. The EIT and the KICs shall ensure that their activities are conducted with a high level of transparency. In particular, the EIT and the KICs shall set up an accessible, free website providing information about their activities and opportunities they provide, in particular open calls.

- 1a. The EIT and the KICs shall make available detailed information on all calls for proposals issued by them, including the information on their evaluation processes and results from those calls for proposals. That information shall be made available in a timely, searchable and traceable manner in the relevant common online databases of Union-funded research and innovation projects, in accordance with the Regulation [xxx] establishing Horizon Europe.
2. The EIT shall make public its rules of procedure, its specific financial rules referred to in Article 22(1) and the detailed criteria for the selection of the KICs referred to in Article 9 before issuing calls for proposals for the selection of the KICs.
3. The EIT shall make public without delay its single programming document and consolidated annual activity report referred to in Article 18.
4. Without prejudice to paragraphs 5 and 6, the EIT shall not divulge to third parties confidential information it has received for which confidential treatment has been requested and is justified.
5. The members of the EIT bodies shall be subject to the confidentiality requirement referred to in Article 339 of the Treaty.

The information gathered by the EIT in accordance with this Regulation shall be subject to Regulation (EU) 2018/1725 of the European Parliament and of the Council⁸.

⁸ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

6. Regulation (EC) No 1049/2001 of the European Parliament and of the Council⁹ shall apply to the documents held by the EIT.
7. Council Regulation No 1 of 15 April 1958¹⁰ shall apply to the EIT. The translation services required for the functioning of the EIT shall be provided by the Translation Centre for bodies of the European Union, set up by Council Regulation (EC) No 2965/1994¹¹.

Article 17

Financing of the KICs

1. The KICs shall be financed, in particular, from the following sources:
 - (a) contributions from partner organisations, forming a substantial source of funding;
 - (b) voluntary contributions from Member States, associated countries or third countries or public authorities within them;
 - (c) contributions from international bodies or institutions;
 - (d) revenue generated by the KICs' own assets and activities and royalties from intellectual property rights;
 - (e) capital endowments;

⁹ Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31.5.2001, p. 43).

¹⁰ Council Regulation No 1 of 15 April 1958 determining the languages to be used by the European Economic Community (OJ L 7, 6.10.1958, p. 385/58). Regulation as last amended by Regulation (EC) No 1791/2006 (OJ L 363, 20.12.2006, p. 1).

¹¹ Council Regulation (EC) No 2965/1994 of 28 November 1994 setting up a Translation Centre for bodies of the European Union (OJ L 314, 7.12.1994, p. 1). Regulation as last amended by Regulation (EC) No 1645/2003 (OJ L 245, 29.9.2003, p. 13).

- (f) bequests, donations and contributions from individuals, institutions, foundations or any other bodies established under national law;
 - (g) the financial contribution from the EIT;
 - (h) financial instruments, including those funded from the general budget of the Union.
2. The modalities for accessing funding from the EIT shall be defined in the financial rules of the EIT referred to in Article 22(1).
 3. Budgetary commitments for actions extending over more than one financial year may be broken down over several years into annual instalments, subject to adequate monitoring of estimated financial needs of the KICs to be established on an annual basis.
 4. The EIT financial contribution to the KICs may cover up to 100 % of the total eligible costs of KIC added-value activities in the initial stages of the KIC life. Such contribution shall gradually decrease over time in compliance with the co-funding rates defined in the SIA.
 5. The KICs or their partner organisations may apply for Union financial contribution, in particular in the framework of Union programmes and funds, in accordance with their respective rules. In that case, such contribution shall not cover the same costs already funded under another Union programme.
 6. Contributions from partner organisations to the financing of the KICs shall be determined in accordance with the funding rates referred to in paragraph 4 of this Article and reflect the KICs strategy for achieving financial sustainability.
 7. The EIT shall establish performance-based allocation mechanism for granting its financial contribution to the KICs. It shall include assessing the KICs' business plans and performance as measured by continuous monitoring in accordance with Article 10 and as described in the SIA.

Article 18

Programming and reporting

1. The EIT shall adopt a single programming document based on the SIA, in accordance with its financial rules, containing the following:
 - (a) a statement of the major priorities and planned initiatives of the EIT and the KICs;
 - (b) an estimate of financing needs and sources;
 - (ba) an estimate of the staffing needs arising from the new tasks;
 - (c) appropriate qualitative and quantitative methods, tools and indicators for monitoring EIT and KIC activities using an impact-oriented and performance-based approach;
 - (d) other components as laid down in its financial rules.
2. The EIT shall adopt a consolidated annual activity report, which shall include comprehensive information on the activities conducted by the EIT and the KICs during the preceding calendar year and on the EIT's contribution to the objectives of Horizon Europe, and to the Union innovation, research and education policies and objectives. It shall also assess the results with respect to the objectives, indicators and timetable set, the risks associated with the activities carried out, the use of resources, including its contribution to the climate mainstreaming target under Horizon Europe broken down by KIC, and the general operation of the EIT. The consolidated annual activity report shall include further comprehensive information in accordance with the EIT's financial rules.

Every year the EIT Director shall present the annual activity report to the competent committees of the European Parliament.

Article 19

Monitoring and evaluation of the EIT

1. The EIT shall ensure that its activities, including those managed through KICs, shall be subject to continuous and systematic monitoring and periodic independent evaluation in accordance with its financial rules, to ensure both the highest quality of outcome, scientific excellence and the most efficient use of resources. The outcomes of the monitoring and of the evaluations shall be made public.
2. The Commission, with the assistance of external independent experts and taking into account the views of stakeholders, shall carry out in a timely manner an interim and a final evaluation of the EIT and its KICs feeding into the Horizon Europe evaluations, as specified in Article 47 of Regulation (EU) No ... [Horizon Europe]. Those evaluations shall examine how the EIT fulfils its mission and objectives, cover all activities of the EIT and the KICs. They shall assess the European added value of the EIT, the impact across the Union and the impact of the RIS activities, the openness, effectiveness, efficiency and relevance of the activities pursued and their coherence and complementarity with relevant national and Union policies, including the synergies with other parts of Horizon Europe, in particular the other partnerships and missions and the EIC.

The interim evaluation shall assess, inter alia, the result and impacts of the action supporting the innovation and entrepreneurial capacities of HEIs, the effectiveness of the KICs' financial sustainability strategies and the collaboration between the EIT and all implementing bodies under Pillar III of Horizon Europe. In that respect, the EIT evaluations shall feed into the Commission programme evaluations provided for in Horizon Europe also in view of a systematic assessment of the 'Innovative Europe' Pillar of Horizon Europe, in particular with respect to to the "one-stop shop" for innovation.

3. The Commission may carry out further evaluations of themes or topics of strategic relevance, with the assistance of external independent experts selected on the basis of a transparent process, to examine the progress made by the EIT towards the objectives set, identify the factors contributing to the implementation of the activities and identify best practices. By carrying out those further evaluations, the Commission shall fully consider the administrative impact on the EIT and the KICs.
4. The Commission shall communicate the results of the evaluations, accompanied by its observations, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. The Governing Board shall take due account of the findings of evaluations in the programmes and operations of the EIT.

Article 20

EIT budget

1. The revenue of the EIT shall consist of a contribution from the Union. The revenue of the EIT may also include a contribution from other private and public sources.

The Union contribution shall be provided through a financial contribution from Horizon Europe set at EUR 2 726 000 000 in current prices, with an additional amount of EUR 210 000 000 in constant 2018 prices for the period 2021-2027. Additional financial resources from other Union programmes may be received by the EIT.

2. The EIT financial contribution to the KICs shall be provided from the Union contribution referred in paragraph 1.

Article 21

Preparation and adoption of the annual budget

1. The content and structure of the budget of the EIT shall be established in accordance with its financial rules. The expenditure of the EIT shall include the staff, administrative, infrastructure and operational expenses. Administrative expenditure shall be kept to a minimum. Revenue and expenditure shall be in balance.
2. The Director shall draw up an estimate of the revenue and expenditure of the EIT for the following financial year and shall forward it to the Governing Board.
3. The Governing Board shall adopt the draft estimate of EIT's revenue and expenditure, accompanied by a draft establishment plan, and forward them as a part of the single programming document by the date specified in the EIT's financial rules to the European Parliament, the Council and the Commission.
4. The Governing Board shall adopt the EIT budget, which shall become final following the final adoption of the general budget of the European Union. Where appropriate, it shall be adjusted accordingly.
5. The Governing Board shall, as soon as possible, notify the budgetary authority of its intention to implement any project which may have significant financial implications for the funding of the EIT budget, in particular any projects relating to property such as the rental or purchase of buildings. It shall inform the Commission thereof.
6. Any substantial modification of the budget shall follow the same procedure.

Article 22

Implementation and control of the budget

1. The EIT shall adopt its financial rules in accordance with Article 70(3) of the Financial Regulation. Appropriate consideration shall be given to the need for adequate operational flexibility in order to enable the EIT to achieve its objectives and attract and retain private sector partners.
2. The financial contribution to the EIT from Horizon Europe and other Union programmes shall be implemented in accordance with the rules of those programmes.
3. The Director shall implement the budget of the EIT.
4. The accounts of the EIT shall be consolidated with the Commission's accounts.

Article 23

Protection of the financial interests of the Union

1. With a view to combating fraud, corruption and other illegal acts, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council¹² shall apply to the EIT in its entirety.

¹² Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

2. The EIT shall accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council of the European Union and the Commission of the European Communities concerning internal investigations by the European Anti-fraud Office (OLAF)¹³. The Governing Board shall formalise this accession and adopt the necessary measures to help OLAF carry out internal investigations.
3. All decisions adopted and partnership agreements or grant agreements concluded by the EIT shall provide explicitly that OLAF and the Court of Auditors may carry out on-the-spot inspections of the documents of all contractors and sub-contractors which have received Union funds, including at the premises of the final beneficiaries.

Article 24

Winding up of the EIT

In the event of the EIT being wound up, its liquidation shall take place under the supervision of the Commission in accordance with the applicable laws. The partnership agreements or grant agreements with the KICs shall lay down the appropriate provisions in such situation.

Article 25

Statutes

The Statutes of the EIT are set out in Annex I.

¹³ OJ L 136, 31.5.1999, p. 15.

Article 25a

Review clause

By [31 December 2026], the Commission shall, based on the results of the evaluations referred to in Article 19(2) and (3), submit, where appropriate, any proposals for amendments to this Regulation which it considers necessary, in particular in relation to the EIT's mission and objectives and with a view to extend the EIT budget beyond the period specified in [Article 3 and Article 20] in accordance with the relevant Union framework programme for research and innovation.

Article 26

Repeal

Regulation (EC) No 294/2008 is repealed as from the date of application of this Regulation, with the exception of Article 3, Article 5, Article 6(1), Article 7, Article 14, Article 17 and Article 19 of Regulation (EC) No 294/2008, which shall be repealed with effect from 1 January 2021.

References to the repealed Regulation shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex III.

Article 27

Entry into force

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Union*.

Article 3, Article 4, Article 6, Article 7 (1) and (2a), Article 8, Article 9, Article 17 and Article 20 shall apply from 1 January 2021.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...

For the European Parliament
The President

For the Council
The President

STATUTES OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY

SECTION 1

COMPOSITION OF THE GOVERNING BOARD

1. The Governing Board shall, when executing its responsibilities, act under the supervision of the Commission in implementing the EIT's mission and objectives.

The Governing Board shall be composed of 15 members, appointed by the Commission, in a transparent manner, providing a balance between those with experience in business, higher education, innovation and research. The term of office of the members of the Governing Board shall be four years. The Commission may extend that term of office once by a two-year period on the proposal of the Governing Board. This appointment shall be made following an open call for expression of interests.

The Commission shall make best efforts to ensure the balance between higher education (including vocational education and training), research, innovation and business experience as well as gender and geographical balance and an appreciation of the higher education, research and innovation environment across the Union.

Whenever necessary, the Governing Board shall submit to the Commission a shortlist of candidates for the purpose of appointment of a new member or members. The shortlisted candidates shall be selected on the basis of the outcome of a transparent and open procedure initiated by the EIT.

The Commission shall appoint the member or members and inform the European Parliament and the Council of the selection process and of the final appointment of those members of the Governing Board.

The Commission shall appoint a new member or members in accordance with the procedure laid down in subparagraphs 2 and 3.

In the event that a member is unable to complete his/her term of office, a substitute member shall be appointed by the same procedure as the incapacitated member in order to complete the latter's term of office. A substitute member who has served for a period of less than two years may be reappointed by the Commission for an additional period of four years at the request of the Governing Board.

The Commission shall appoint three additional members of the Governing Board to reach the number of 15 within eighteen months of entry into force of this Regulation. The Board members appointed before the entry into force of this Regulation shall complete their non-renewable term of office.

In exceptional and duly justified circumstances, in particular in order to maintain the integrity of the Governing Board, the Commission may, on its own initiative, terminate the term of office of a member of the Board.

2. The Governing Board members shall act in the interests of the EIT, safeguarding its goals and mission, identity, autonomy and coherence, in an independent and transparent way.

The Governing Board may invite a Member of the EIC Board or other observers to attend their meetings.

SECTION 2

RESPONSIBILITIES OF THE GOVERNING BOARD

1. The Governing Board, in exercising its responsibility for steering and monitoring the activities of the EIT, shall take strategic decisions, in particular:
 - (a) adopt the EIT's contribution to the Commission's proposal on the EIT's Strategic Innovation Agenda (SIA) after consulting the existing KICs and taking their opinion into account;
 - (b) adopt the EIT's single programming document, budget, annual accounts and balance sheet and consolidated annual activity report;
 - (c) adopt sound criteria and clear and transparent procedures for performance-based financing of the KICs, including the decision on the maximum allocation of EIT funding contribution to them, in view of implementing the relevant KIC business plan and achieving the objectives described in the SIA and in accordance with Article 10 of this Regulation, taking into account the requirements set out in Article 11(2) and (3), including their progress in achieving financial sustainability;
 - (d) adopt the selection procedure of the KICs, in accordance with Article 9 of this Regulation and the SIA;
 - (e) select and designate a partnership as a KIC in accordance with criteria set out in Article 9 or withdraw the designation where appropriate;
 - (f) authorise the Director to prepare, negotiate and conclude partnership agreements and grant agreements with the KICs;

- (fa) define the duration and content structure of the MoC in line with the requirements of Article 11a, mandate and authorise the Director to prepare and negotiate Memoranda of Cooperation with the KICs and, after having examined the negotiated Memoranda, authorise the Director to conclude them;
- (g) authorise the Director to extend partnership agreements with the KICs beyond the period initially set, subject to the satisfactory outcome of the comprehensive assessment, as described in the SIA and in accordance with Article 10 of this Regulation, before the expiry of this period in accordance with Article 11;
- (h) authorise the Director to prepare, negotiate and conclude grant agreements with other legal entities;
- (i) adopt effective, efficient, transparent and continuous monitoring and evaluation procedures, including a sound set of indicators in accordance with Articles 10, 11, 18 and 19 of this Regulation, and supervise their implementation by the Director;
- (j) take appropriate corrective measures on underperforming KICs, including the reduction, modification or withdrawal of the EIT's financial contribution to the KICs or the termination of the partnership agreements with them, based on the monitoring and the assessment of results, in accordance with the objectives of the EIT and the KICs and Articles 10, 11 and 17 of this Regulation;
- (ja) encourage the KICs to adopt operational models for openness towards new partner organisations;
- (k) promote the EIT across the Union and globally, so as to raise its attractiveness, and for this purpose authorise the Director to sign memoranda of understanding with Member States, associated countries or third countries;

- (l) decide on the design and coordination of support actions undertaken by the KICs to broaden the impact of the EIT across the Union for the development of entrepreneurial and innovation capacity of higher education institutions, as well as vocational education and training institutions where appropriate, and their integration in innovation ecosystems, in order to reinforce the knowledge triangle integration;
 - (la) promote the creation of synergies between the EIT, including through its KICs, and the Union Framework Programmes as well as national and regional funding schemes.
2. The Governing Board shall take other procedural and operational decisions necessary for the fulfilment of its tasks and the activities of the EIT, in particular to:
- (a) adopt its rules of procedure, those for the Executive Committee, as well as the specific financial rules of the EIT;
 - (aa) delegate specific tasks to the Executive Committee;
 - (b) define appropriate fees for members of the Governing Board and of the Executive Committee, which shall be benchmarked against similar remuneration in the Member States;
 - (c) adopt an open and transparent procedure for selecting the members of the Executive Committee;
 - (d) appoint the Director and if necessary extend his/her term of office or remove the Director from office, in accordance with Section 5;
 - (e) appoint the Accounting Officer and the members of the Executive Committee;
 - (f) adopt a code of good conduct regarding conflicts of interest;

- (g) establish, where appropriate, advisory groups which shall have a defined objective, tasks and duration;
 - (h) set up an Internal Auditing Function in accordance with EIT's financial rules;
 - (i) decide on the working languages of the EIT, taking into account existing principles on multilingualism and the practical requirements of its operations;
 - (j) convene an annual senior-level meeting with the KICs;
 - (k) report on KICs co-operation with other European partnerships.
3. The Governing Board shall take decisions in accordance with the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union, laid down in Council Regulation (EEC, Euratom, ECSC) No 259/68¹⁴, relating to the EIT staff and the conditions of its employment. In particular, it shall:
- (a) adopt the implementing measures in order to give effect to the Staff Regulations and the Conditions of Employment of Other Servants, in accordance with Article 110(2) of the Staff Regulations;
 - (b) in accordance with point (c) of this paragraph, exercise the powers conferred by the Staff Regulations on the Appointing Authority and by the Conditions of Employment of Other Servants on the Authority Empowered to Conclude a Contract of Employment (the 'appointing authority powers');

¹⁴ OJ L 56, 4.3, 1968, p. 1.

- (c) in accordance with Article 110(2) of the Staff Regulations, adopt a decision based on Article 2(1) of the Staff Regulations and Article 6 of the Conditions of Employment of Other Servants, delegating relevant appointing authority powers to the Director and establishing the conditions under which that delegation can be suspended with the Director being authorised to sub-delegate those powers;
- (d) adopt a decision to temporarily suspend, where exceptional circumstances so require, the delegation of the appointing authority powers to the Director and those sub-delegated by the latter and exercise them itself or delegate them to one of its members or to a staff member other than the Director.

SECTION 3

FUNCTIONING OF THE GOVERNING BOARD

1. The Governing Board shall elect its Chairperson from among its members. The term of office of the Chairperson shall be two years, renewable once.
2. The representative of the Commission shall participate in the meetings of the Governing Board, without the right to vote, but his/her agreement shall be required in accordance with paragraph 5. He/she shall have the right to suggest points on the agenda of the Governing Board.
3. The Director shall participate in the meetings of the Governing Board, without the right to vote.
4. The Governing Board shall adopt decisions by simple majority of members having a right to vote.

However, decisions under points (a), (b), (c), (d), and (l) of Section 2(1) and points (d) and (i) of Section 2(2), as well as under paragraph 1 of this Section shall require a majority of two thirds of its members having the right to vote.

5. Decisions of the Governing Board under points (c), (e), (fa), (g), (i) and (k) of Section 2(1), point (b) of Section 2(2) and point (a) of Section 2(3) shall require agreement of the Commission, expressed by its representative in the Governing Board.
- 5a. The Governing Board shall seek the opinion of the Member States' Representatives Group prior to decisions concerning the extension or termination of the partnership agreements with the KICs in accordance with points (g) and (j) of Section 2(1), and on the conclusion of the Memorandum of Cooperation with a KIC in accordance with point (fa) of Section 2(1).

The opinion referred to in the first subparagraph shall not be binding on the Governing Board. It shall be issued without undue delay and in any event not later than two months after it has been requested.
6. The Governing Board shall meet in ordinary session at least four times a year and in extraordinary session when convened by its Chairperson or at the request of at least one third of all its members or the representative of the Commission.

SECTION 4

THE EXECUTIVE COMMITTEE

1. The Executive Committee shall assist the Governing Board in the performance of its tasks.
2. The Executive Committee shall consist of five members, including the Chairperson of the Governing Board, who shall also chair the Executive Committee. The four members other than the Chairperson shall be chosen by the Governing Board from among the Governing Board's members, providing a balance between those with experience in business, higher education and research. The term of office of the members of the Executive Committee shall be two years, renewable once.

3. The Executive Committee shall prepare the meetings of the Governing Board in cooperation with the Director.
4. The Governing Board may request the Executive Committee to supervise and monitor the implementation of decisions and recommendations of the Governing Board.
5. The Executive Committee shall prepare the discussion and adoption of the Governing Board on the draft EIT's contribution to the Commission's proposal on the SIA. In addition, the Executive Committee shall prepare the discussion of the Governing Board on the draft single programming document, the draft consolidated annual activity report, the annual budget and the draft annual accounts and the balance sheet before their submission to the Governing Board.
6. Decisions of the Executive Committee shall be adopted on the basis of a majority of the members present. Each member shall have one vote.
7. The representative of the Commission shall participate in the meetings of the Executive Committee, without the right to vote. The representative of the Commission shall have the right to suggest points on the agenda of the Executive Committee.
8. The Director shall participate in the meetings of the Executive Committee, without the right to vote.
9. The members of the Executive Committee shall act in the interests of the EIT, safeguarding its goals and mission, identity, autonomy and coherence, in an independent and transparent way. They shall regularly report to the Governing Board on the adopted decisions and tasks assigned to them by the Governing Board.

SECTION 5

THE DIRECTOR

1. The Director shall be a person with expertise and high reputation in the areas where the EIT operates. The Director shall be a member of the EIT staff and shall be engaged as a temporary agent under Article 2(a) of the Conditions of Employment of Other Servants.
2. The Director shall be appointed by the Governing Board from a list of candidates proposed by the Commission, following an open and transparent selection procedure. For the purpose of concluding the contract with the Director, the EIT shall be represented by the Chairperson of the Governing Board.
3. The term of office of the Director shall be four years. The Governing Board, acting on a proposal from the Commission that takes into account its evaluation of the Director's performance and the EIT's best interests as well as its future tasks and challenges, may extend that term of office once for a period of up to four years. A Director whose term of office has been extended may not participate in another selection procedure for the same post.
4. The Director may be removed from office only upon a decision of the Governing Board acting on a proposal from the Commission.
5. The Director shall be responsible for operations and for the day-to-day management of the EIT and shall be its legal representative. The Director shall be accountable to the Governing Board and report to it on an ongoing basis on the development of the EIT activities and all activities falling under his/her responsibility.

6. The Director shall in particular:
- (a) organise and manage the activities of the EIT;
 - (b) support the Governing Board and the Executive Committee in their work, provide the secretariat for their meetings and supply all information necessary for the performance of their duties;
 - (c) support the Governing Board in preparing the EIT's contribution to the Commission's proposal on the SIA;
 - (d) prepare the draft single programming document, the draft consolidated annual activity report and the draft annual budget for submission to the Governing Board;
 - (e) prepare and administer the KICs selection process and ensure that the various stages of that process are carried out in a transparent and objective manner, under the supervision of the Governing Board, annexing a detailed report of the selection process to the consolidated annual activity report;
 - (f) prepare, negotiate and conclude, under the authorisation of the Governing Board, partnership agreements and grant agreements with the KICs;
 - (fa) prepare and negotiate Memoranda of Cooperation with the KICs and, subject to final approval by the Governing Board, conclude them in accordance with Section 2(1)fa of the Statutes;
 - (g) prepare, negotiate and conclude, with the agreement of the Governing Board, grant agreements with other legal entities;

- (h) organise the meetings of the Stakeholder Forum and of the Member States' Representatives Group and ensure effective communication with them, under the supervision of the Governing Board;
- (i) sign, with the authorisation of the Governing Board, memoranda of understanding with Member States, associated or third countries with the aim to promote the EIT globally;
- (j) ensure the implementation of effective monitoring, assessment and evaluation procedures relating to the performance of the KICs in accordance with Section 2.1 point (i), as well as implement the corrective measures decided by the Governing Board in accordance with Article 11(3), under the supervision of the Governing Board;
- (k) be responsible for administrative and financial matters, in accordance with the principle of sound financial management, including the implementation of the EIT budget, taking due account of advice received from the Internal Auditing Function;
- (l) submit the draft annual accounts and balance sheet to the Internal Auditing Function, and subsequently to the Governing Board;
- (m) ensure that the obligations of the EIT with regard to the contracts and agreements it has concluded are met, under the supervision of the Governing Board;
- (n) ensure effective communication with the Union's institutions, under the supervision of the Governing Board;
- (na) inform the Member States' Representatives Group on the results of the monitoring, assessment and evaluation, and submit the opinions of the Member States' Representatives Group to the Governing Board;
- (o) act in the interests of the EIT, safeguarding its goals and mission, identity, autonomy and coherence, in an independent and transparent way.

7. The Director shall perform any other tasks entrusted to him/her by the Governing Board and under its responsibility.

SECTION 6

STAFF OF THE EIT AND SECONDED NATIONAL EXPERTS

1. The staff of the EIT shall consist of personnel employed directly by the EIT. The Staff Regulations, the Conditions of Employment of Other Servants and the rules adopted by agreement between the institutions of the Union for giving effect to them shall apply to the staff of the EIT. This paragraph shall apply to all staff employed by the EIT on the date of entry into force of this Regulation, irrespective of the starting date of their contract of employment.
2. National experts may be seconded to the EIT for a limited period. The Governing Board shall adopt provisions enabling seconded national experts to work at the EIT and defining their rights and responsibilities.

Repealed Regulation and the amendment thereto

Regulation (EC) No 294/2008 of the European Parliament and of the Council (OJ L 97, 9.4.2008, p. 1)

Regulation (EU) No 1292/2013 of the European Parliament and of the Council (OJ L 347, 20.12.2013, p. 174)

CORRELATION TABLE*

Regulation (EC) No 294/2008	This Regulation
Article 1	Article 1
Article 2, point 1	Article 2, point 1
Article 2, point 2	Article 2, point 2
Article 2, point 3	-
Article 2, point 5	Article 2, point 3
Article 2, point 6	Article 2, point 4
Article 2, point 7	Article 2, point 5
-	Article 2, point 6
Article 2, point 8	-
Article 2, point 9	Article 2, point 7
Article 2, point 9a	Article 2, point 8
Article 2, point 10	Article 2, point 9
-	Article 2, point 10
Article 2, point 11	Article 2, point 11
-	Article 2, point 12
-	Article 2, point 13

* To be updated during the legal-linguistic revision.

Article 3	Article 3
Article 4(1)(a)	Article 5(1)(a) and (b)
Article 4(1)(c)	Article 5(1)(c)
Article 4(1)(d)	Article 5(1)(d)
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Article 5(1)(a) to (c)	Article 6(a) to (d)
Article 5(1)(d)	-
Article 5(1)(e) to (i)	Article 6(e) to (i)
Article 5(1)(j)	-
Article 5(1)(k)	Article 6(j) and (k)
-	Article 6(l)
Article 5(2)	-
Article 6(1)(a) to (e)	Article 7(1)(a) to (e)
Article 6(2)(a) to (e)	Article 7(2)(a) to (e)
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Article 22a

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-

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Article 25

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Annex I

Annex II

Annex III