

REGULATION (EU) 2021/819 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**of 20 May 2021****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 Committee ⁽¹⁾,

After consulting the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure ⁽²⁾,

Whereas:

- (1) Regulation (EC) No 294/2008 of the European Parliament and of the Council ⁽³⁾ has been substantially amended ⁽⁴⁾. Since further amendments are to be made, that Regulation should be recast in the interests of clarity.
- (2) The periodic independent evaluations of the European Institute of Innovation and Technology (EIT) and the experience in applying Regulation (EC) No 294/2008 demonstrate that substantial changes are necessary to further improve the EIT model and its underlying processes. Moreover, the interim evaluation and *ex ante* impact assessment of the EIT have identified a number of areas for improvement, inter alia the funding model of the Knowledge and Innovation Communities (KICs), the integration of the KICs in local innovation ecosystems, the openness and transparency of the KICs and monitoring by the EIT. This Regulation also offers the opportunity to address those aspects.
- (3) 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.
- (4) The 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.
- (5) The EIT should contribute to reinforcing the innovation capacity of the Union and Member States in order to tackle major challenges faced by society, thereby contributing to sustainable Union economic development and competitiveness.
- (6) The EIT, through the KICs, should aim to strengthen innovation ecosystems across the Union in an open and transparent manner. In order to achieve that objective, the EIT should facilitate and enhance networking, integration and cooperation and promote synergies between different innovation communities across Europe. The EIT also aims to deliver on the Union strategic priorities and contribute to the realisation of Union objectives and policies, including those referred to in the communications of the Commission of 11 December 2019 on the European Green Deal, of 27 May 2020 on the EU budget powering the recovery plan for Europe (Recovery Plan for Europe), of 19 February 2020 on a European strategy for data, of 10 March 2020 on an SME Strategy for a sustainable and digital Europe and of 10 March 2020 on a New Industrial Strategy for Europe, and those related to achieving the

⁽¹⁾ OJ C 47, 11.2.2020, p. 69.

⁽²⁾ Position of the European Parliament of 27 April 2021 (not yet published in the Official Journal) and decision of the Council of 10 May 2021.

⁽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.

Union's strategic autonomy, while retaining an open economy. Furthermore, the EIT should contribute to tackling global challenges, including the United Nations Sustainable Development Goals (SDGs) by following the principles of the 2030 Agenda for Sustainable Development (the '2030 Agenda') and the Paris Agreement adopted under the United Nations Framework Convention on Climate Change ⁽⁵⁾ (the 'Paris Agreement'), and to achieving a net-zero greenhouse gas economy by 2050 at the latest. The transition will be possible only 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.

- (7) The EIT should enhance the openness of the KICs in order to strengthen collaborative links and create synergies between different innovation communities in Europe, thereby facilitating geographical diversity and the talent circulation.
- (8) The priority fields and financial needs of the EIT for a period of seven years, covering the relevant multiannual financial framework (MFF), should be laid down in a Strategic Innovation Agenda (SIA). The SIA should be aligned with Horizon Europe – the Framework Programme for Research and Innovation (Horizon Europe), established by Regulation (EU) 2021/695 of the European Parliament and of the Council ⁽⁶⁾, including with regard to reporting, monitoring, evaluation and other requirements set out in that Regulation, and should take into account the strategic planning of Horizon Europe. The SIA should establish and foster synergies with other parts of Horizon Europe, other relevant Union programmes of the MFF and 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 on the Union, the SIA should be adopted by the European Parliament and by the Council on the basis of a Commission proposal. That Commission proposal should be based on a contribution provided by the EIT. That contribution should be made available to the European Parliament and to the Council.
- (9) The crisis resulting from the outbreak of COVID-19 has caused major disruptions to Member States' healthcare and economic systems. Overcoming the social, economic, environmental and technological impacts arising from the crisis will require the collaboration of Union institutions, bodies, offices and agencies. The EIT and the KICs should respond with flexibility to existing as well as new and unexpected challenges and priorities, and should be able to adopt measures and initiatives to provide appropriate support to their ecosystems. In particular, the EIT and the 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 European Green Deal, the Recovery Plan for Europe, the New Industrial Strategy for Europe and the SDGs, while ensuring synergy with other Union initiatives and partnerships.
- (10) In accordance with Regulation (EU) 2021/695, the activities of the EIT should address strategic long-term challenges, in particular in trans- and 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 regular dialogue with civil society, research organisations, innovation centres, small and medium sized-enterprises (SMEs), higher education institutions (HEIs) and representatives of industry.
- (11) The EIT should, through the 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 HEIs 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 established by Regulation (EU) 2021/523 of the European Parliament and of the Council ⁽⁷⁾.

⁽⁵⁾ OJ L 282, 19.10.2016, p. 4.

⁽⁶⁾ 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 L 170, 12.5.2021, p. 1).

⁽⁷⁾ Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30).

- (12) The EIT should operate through excellence-driven Institutionalised European Partnerships of HEIs, research organisations, companies, including SMEs and public companies, as well as local authorities, social enterprises, relevant not-for-profit organisations and other stakeholders. Given the innovative nature of certain enterprises in relation to the goods or services that they offer, their organisation or the production methods that 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, in accordance with the priority fields and timetable set out in the SIA, taking into account the priorities as set out in 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 for the selection of European Partnerships set out in Regulation (EU) 2021/695. The first such KIC, to be launched as soon as possible in 2022 or 2023, should relate to Cultural and Creative Sectors and Industries and the second such KIC, to be launched in 2026, should relate to the Water, Marine and Maritime Sectors and Ecosystems.
- (13) Taking into account the specificity of the KICs, it is necessary to provide for special minimum conditions to form a KIC, derogating from the rules for the participation in and dissemination of Horizon Europe. Similarly, specific rules on ownership, access rights, exploitation and dissemination may be necessary for KIC added-value activities, where appropriate.
- (14) The Governing Board should steer and monitor the activities of the EIT and be responsible for the selection, designation, financing, monitoring and evaluation of the activities of the KICs in accordance with Regulation (EU) 2021/695 and the SIA. When appointing the members of the Governing Board, the Commission should ensure a balanced representation of those with experience in the fields of higher education, research, innovation or business, as well as gender balance and geographical coverage, with excellence as a guiding principle.
- (15) The EIT should organise continuous monitoring and periodic external evaluations of the output, results and impact of each KIC, including their progress towards financial sustainability, cost-efficiency and openness to new members. Those evaluations should include interim reviews covering the first three years of the partnership agreement and the three years following any 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. The Governing Board should take corrective measures in respect of the KICs when appropriate.
- (16) The EIT should regularly inform the Member State Representatives Group (MSRG) of the performance, achievements and activities of the EIT and the KICs, the results of their monitoring and evaluation, and their performance indicators and corrective measures. The MSRG should advise the Governing Board and the Director on strategically important issues and should advise and share experience with the EIT and the KICs. The EIT should organise the meetings of the MSRG.
- (17) In order to contribute to the competitiveness and 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, such as by encouraging their mobility.
- (18) Relations between the EIT and the KICs should be based on partnership agreements and grant agreements, which will set out the rights and obligations of the KICs and the EIT's performance-based financial contribution to the KICs. In order to limit the administrative burden on the KICs and ensure more long-term planning resources and activities, the EIT should conclude multiannual grant agreements of up to three years with the KICs, or, where considered to be more appropriate, annual grant agreements. By way of derogation from Regulation (EU, Euratom) 2018/1046 of

the European Parliament and of the Council ⁽⁸⁾ (the 'Financial Regulation'), the EIT should be able to establish such a partnership agreement for an initial period of seven years and, subject to a positive performance and positive outcomes of the interim review and of the comprehensive assessment of the KIC, extend it for a further period of up to seven years. After the expiry of the partnership agreement, the EIT and the KIC may conclude a memorandum of cooperation with the aim of maintaining active cooperation.

- (19) There is a need to support higher education as an integral, but often missing, component of the knowledge triangle. Participating HEIs and vocational education and training providers should award degrees and diplomas through the KICs in accordance with national rules and accreditation procedures. Partnership agreements, grant agreements and memoranda of cooperation between the EIT and the KICs should provide for those degrees and diplomas also to be labelled 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 their use to lifelong learning programmes, vocational training, skilling, re-skilling and up-skilling programmes. Through its activities and work, the EIT should, in accordance with Directive 2005/36/EC of the European Parliament and of the Council ⁽⁹⁾, help promote mobility for students, researchers and staff as well as provide opportunities for lifelong learning, mentoring and coaching.
- (20) Appropriate provision 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.
- (21) The EIT should have legal personality and, in order to guarantee its functional autonomy and independence from national authorities and external pressures, it should administer its own budget whose revenue should include a contribution from the Union.
- (22) It is expected that industry, the financial 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.
- (23) The Union budgetary procedure should be applicable to the Union financial contribution chargeable to the general budget of the Union. The auditing of accounts should be undertaken by the Court of Auditors in accordance with the Financial Regulation.
- (24) The EIT should make best efforts to facilitate a smooth transition between MFF periods, in particular for ongoing activities.
- (25) The revenue of the EIT should include the contribution from the Union provided from the financial contribution from Horizon Europe. That revenue should be able to include contributions from other private and public sources.
- (26) 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 ⁽¹⁰⁾ should apply to the EIT.

⁽⁸⁾ 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).

⁽⁹⁾ 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).

⁽¹⁰⁾ 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).

- (27) The EIT should adopt a consolidated annual activity report, outlining the activities conducted and results of the operations in the preceding calendar year. The EIT should also adopt a single programming document, based on the SIA, in accordance with its 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 to the Council for information.
- (28) Since its creation, the EIT has benefited from the expertise of its staff. 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 EIT activities, it is in the EIT's best interests to make every effort, within the applicable legal framework, to attract and retain qualified staff.
- (29) 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 and objectives and cover the activities of the EIT and the KICs. They should assess the Union added value of the EIT, the impact across the Union and the impact of the Regional Innovation Scheme (RIS) activities, the openness, effectiveness, efficiency, outreach activities, communication, visibility, dissemination of results, the relevance of the activities pursued and whether they are consistent with and complement relevant Union and national policies, including any synergies with other parts of Horizon Europe. Those evaluations should feed into the Horizon Europe evaluations carried out by the Commission in accordance with Regulation (EU) 2021/695.
- (30) The EIT should make best efforts to streamline the terminology related to the structure of each KIC, with the purpose of further simplifying and enhancing the recognisability of the EIT.
- (31) In order to contribute to tackling disparities in innovation in Europe, the EIT should, in particular through the RIS, as further set out 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 the KICs.
- (32) The KICs, acting as an innovation facilitator, should consider Member States' smart specialisation strategy priorities and enhance their innovation capacity by fully reflecting regional capacities and strengths, opportunities, weaknesses, as well as local actors and their activities and markets.
- (33) It is essential to promote strong synergies between the EIT and the EIC. The KICs should stimulate the creation of innovative businesses 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 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 Regulation (EU) 2021/695 in order to help them scale up rapidly, while the EIC beneficiaries should benefit from support schemes provided by the EIT. In order to avoid silos and promote synergies and collaboration, the EIT and the EIC should envisage reciprocal and systematic exchanges of information. The Governing Board should be able to invite members of the EIC Board to its meetings as observers where relevant.
- (34) In order to ensure the continuity of the activities of the EIT and the KICs in compliance with the relevant provisions of Regulation (EU) 2021/695, this Regulation should enter into force as a matter of urgency and certain provisions thereof should apply, with retroactive effect, from 1 January 2021.
- (35) 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 (TEU). 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

This Regulation establishes the European Institute of Innovation and Technology (EIT).

Article 2

Definitions

For the purpose of this Regulation, the following definitions 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' or 'KIC' means a large-scale Institutionalised European Partnership, as referred to in Regulation (EU) 2021/695, of higher education institutions, research organisations, companies and other stakeholders in the innovation process in the form of a strategic network, regardless of its legal form, based on joint mid- to long-term innovation planning to meet the EIT challenges and contribute to attaining the objectives established under Regulation (EU) 2021/695;
- (3) 'co-location centre' means a physical hub, established in an open and transparent manner, which promotes links between and active collaboration among knowledge triangle actors and acts as a focal point for knowledge exchange and through which the KICs' partners are able to access facilities and the expertise needed to pursue their common objectives;
- (4) 'RIS hub' means a physical hub, established by a KIC and forming part of its structure, in a Member State or in an associated country targeted by the RIS that serves as focal point for the KIC's activities and for the mobilisation and involvement of local knowledge triangle actors in the activities of the KIC;
- (5) 'partner organisation' means a 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;
- (6) 'research organisation' means a public or private legal entity which undertakes research or technological development as one of its main objectives;
- (7) 'higher education institution' or 'HEI' means a university or any type of higher education institution which, in accordance with national law or practice, offers degrees and diplomas in particular at master's or doctoral level, regardless of its denomination in the national context;
- (8) 'EIT Community' means the EIT and the active community of individuals and legal entities which benefited or benefit from the EIT support or financial contribution;
- (9) 'Strategic Innovation Agenda' or 'SIA' means an act setting out the priority fields and the strategy of the EIT for future initiatives, the EIT's capacity to generate the best innovation added-value, the EIT's objectives, key actions, mode of operation, expected results and impact, as well as an estimate of the resources needed for the period of Horizon Europe and the MFF;
- (10) 'Regional Innovation Scheme' or 'RIS' means a scheme fostering the integration of the knowledge triangle and the innovation capacity of countries (and regions in those countries) that are classified 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 of the Treaty on the Functioning of the European Union (TFEU), in particular by attracting and integrating new partners into the KICs and bridging regional disparities, thereby mitigating the innovation divide;

- (11) '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;
- (12) 'KIC business plan' means a document annexed to the grant agreement covering a period of up to three years, describing the KIC's objectives, the manner in which they are to be achieved, 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 the KIC's openness to new partners from across the Union;
- (13) '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;
- (14) 'cross-KIC activities' means activities that aim to enhance cooperation and synergies between KICs, foster a more interdisciplinary approach and create a critical mass among KICs to tackle topics of common interest;
- (15) 'memorandum of cooperation' means an agreement between the EIT and a KIC, aiming to keep the KIC as an active member of the EIT Community after the expiry 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 Union added value;
- (16) '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

1. The EIT's mission is to contribute to sustainable Union economic growth and competitiveness by reinforcing the innovation capacity of the Union and Member States 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 across the Union 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, the European strategy for data, the SME Strategy for a sustainable and digital Europe and the New Industrial Strategy for Europe and those related to achieving the Union's strategic autonomy, while retaining an open economy. Furthermore, it shall contribute to tackling global challenges, including the 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.
2. For the budget period of 2021-2027, the EIT shall contribute to delivering on the general and specific objectives of Horizon Europe, fully taking into account its strategic planning.

Article 4

SIA

1. The SIA shall set out the priority fields and strategy of the EIT for the seven-year period concerned in accordance with the objectives and the priorities of Horizon Europe set out in Regulation (EU) 2021/695, and shall include an assessment of the EIT's expected socio-economic impact, its outreach activities and its capacity to generate the best innovation added-value. The SIA shall be aligned with reporting, monitoring and evaluation and other requirements set out in Regulation (EU) 2021/695 and shall take into account the results of the continuous monitoring and periodic independent evaluation of the EIT as referred to in Article 20 of this Regulation.
2. The SIA shall take into account the strategic planning of Horizon Europe ensuring consistency with the challenges of that programme, as well as complementarity with the EIC established by Regulation (EU) 2021/695, and shall establish and foster appropriate synergies and complementarities between 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 relevant 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. The EIT contribution shall be made 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) TFEU.

Article 5

Bodies of the EIT and the Member State Representatives Group

1. The bodies of the EIT shall comprise those set out in this paragraph.

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 of the KICs, and other strategic decisions. The selection of the Governing Board shall take into account criteria concerning gender and geographical balance. The Governing Board shall elect a Chairperson from among its members.

An Executive Committee shall be composed of selected members representing all three components of the knowledge triangle and the Chairperson of the Governing Board. The Executive Committee shall assist the Governing Board in the performance of its tasks and shall prepare the meetings of the Governing Board in cooperation with the Director.

A Director shall be appointed by the Governing Board. The Director shall act as the legal representative of the EIT and shall be responsible for the implementation of the Governing Board's decisions, and the EIT's operations and day-to-day management.

An Internal Auditing Function shall operate in complete independence and in compliance with the relevant international standards. The Internal Auditing Function 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 the KICs and on any other subject requested by the Governing Board.

2. Detailed provisions regarding the bodies of the EIT are provided for in the Statutes of the EIT, which are set out in Annex I.
3. The Member State Representatives Group (MSRG) shall be established.

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

The MSRG shall advise the Governing Board and the Director:

- (a) on the extension or termination of the EIT's partnership agreements with the KICs, as referred to in point 6 of Section 3 of Annex I;
- (b) on the conclusion of a memorandum of cooperation with each KIC, as referred to in point 6 of Section 3 of Annex I; and
- (c) on strategically important issues to the EIT other than those referred to in points (a) and (b), sharing experience with regard thereto.

The MSRG shall also advise and share experience with the KICs.

The MSRG shall be regularly informed of the performance, achievements and activities of the EIT and the KICs, the results of their monitoring and evaluation, and their performance indicators and corrective measures. The MSRG shall provide its opinion in regard thereto.

The MSRG shall facilitate appropriate synergies and complementarities between EIT and KIC activities with national programmes and initiatives, including the potential national co-financing of KIC activities.

Article 6

Tasks

In order to achieve its mission and objectives set out in Article 3, the EIT shall undertake at least the following:

- (a) identify, in accordance with the SIA, its main priorities and activities, and implement them in accordance with the applicable provisions of Regulation (EU) 2021/695;
- (b) ensure openness to and raise awareness among potential new partner organisations and encourage their participation in its activities, in particular 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 accordance with Article 9 and set out the KICs' rights and obligations by means of partnership agreements and grant agreements, supervise and provide the KICs with appropriate support and strategic guidance by appropriate quality control measures, continuous monitoring and periodic external evaluation of their activities in accordance with Article 11, and take corrective measures where appropriate;
- (d) steer the implementation of the RIS, including through the implementation of RIS hubs by the KICs;
- (e) 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;
- (f) 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;
- (g) promote the dissemination of best practices for the integration of the knowledge triangle, including among the 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;
- (h) 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;
- (i) support the KICs in the development of an effective financial sustainability strategy for the mobilisation of funds from other public and private sources;
- (j) foster excellence in higher education, research and innovation, in particular by promoting the KICs as excellent innovation partners;
- (k) 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;
- (l) ensure synergies and complementarities between the activities of the EIT and other Union programmes, where appropriate, in accordance with Regulation (EU) 2021/695;
- (m) 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;
- (n) provide the necessary support and foster synergies with the KICs to develop innovative solutions;
- (o) organise regular meetings, at least every two years, 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;

- (p) organise meetings of the MSRSG, at least twice a year, independently from the meetings of the stakeholder forum;
- (q) facilitate the establishment of EIT Community shared services facilities;
- (r) encourage the networking, over time, of the RIS hubs and co-location centres in Member States in order to facilitate their cooperation within the EIT Community and with the local innovation ecosystems;
- (s) 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, vocational education and training providers, SMEs and start-ups and their integration in innovation ecosystems, throughout the Union and in line with the knowledge triangle approach;
- (t) design, in cooperation with the Commission and after consulting the KICs, launch and coordinate a pilot initiative supporting the innovation and entrepreneurial capacities of higher education institutions and their integration in innovation ecosystems (pilot higher education initiative), which is to be implemented by the KICs.

Article 7

KICs

1. The KICs shall undertake at least the following:

- (a) innovation activities and investments with Union added value, including facilitating the creation of innovative start-ups and the development of innovative businesses in complementarity with the EIC and the InvestEU Programme, 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 master's 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;
- (d) actions as part of the pilot higher education initiative to better integrate HEIs in innovation value chains and ecosystems and bring them together with other key innovation players from the knowledge triangle and thereby improve their innovation and entrepreneurial capacity;
- (e) outreach activities and the dissemination of best practices in the field of innovation with a focus on the development of cooperation between higher education, research and business, including the service and financial sectors, and, where relevant, public and third sector organisations;
- (f) RIS activities, fully integrated in the KICs' multiannual strategy and linked to the relevant smart specialisation strategies as defined in point (2) of Article 2 of Regulation (EU) 2021/695 in order to strengthen innovation capacity and to develop sustainable innovation ecosystems with a view to decreasing the disparities and divide in innovation performance across the Union;
- (g) to seek synergies and complementarities between KIC activities and existing Union, national and regional programmes, in particular the EIC, other European Partnerships and missions of Horizon Europe, as appropriate;
- (h) to mobilise funds from public and private sources, in particular seeking to raise an increasing proportion of their budget from private sources and from income generated by their own activities, in accordance with Article 18;
- (i) to provide, on request, information on research and innovation outputs and results, and related intellectual rights, developed pursuant to the activities of the KICs, 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 establish their internal organisation and composition, as well as their agenda and working methods, provided that they result in progress towards achieving the objectives of the EIT and the KICs, while taking into account the strategic planning of Horizon Europe and the strategic direction of the EIT set out in the SIA and by the Governing Board.

In particular, the 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 potential new partner organisations across the Union that add value to the partnership;
- (c) establish internal rules, including codes of conduct, that ensure their functioning in an open and transparent manner;
- (d) establish and implement their business plans;
- (e) establish and implement strategies for achieving financial sustainability.

3. 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.

4. The relationship between the EIT and each KIC shall be based on a partnership agreement, a grant agreement or, subject to Article 12, a memorandum of cooperation.

Article 8

Rules for participation and dissemination

The rules for the participation in 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 the KICs

1. A partnership shall be selected and designated by the EIT as a KIC following a competitive, open and transparent procedure. The conditions and criteria laid down in Regulation (EU) 2021/695, inter alia in Article 28(3) thereof, as well as the criteria for the selection of European Partnerships, shall apply. The Governing Board may further specify those criteria, by adopting and publishing criteria for the selection of the 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 timetable set out 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, that are comprised of at least one HEI, one research organisation and one private company and that are 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.

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 EIT shall promptly inform the MSRG and the European Parliament of those criteria and procedures.

*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 Regulation (EU) 2021/695 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 submitted to the European Parliament and to the Council and shall be made public.

*Article 11***Duration, extension and termination of a partnership agreement**

1. By way of derogation from point (c) of Article 130(4) of the Financial Regulation, the EIT may establish a partnership agreement with a KIC for an initial period of seven years.

2. On the basis of a continuous monitoring of the KICs in accordance with Article 10, the EIT shall, under the supervision of the Governing Board, conduct interim reviews of the performance and activities of the KICs covering the first three years of the partnership agreement.

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

The Governing Board shall make those interim reviews public.

3. Before expiry of the seven-year period referred to in paragraph 1, the EIT shall, under the supervision of the Governing Board, conduct a comprehensive assessment of the performance and activities of each KIC, with the support of independent external experts.

4. After consulting the MSRG, the Governing Board may extend the partnership agreement for a further period of up to seven years or discontinue the EIT's financial contribution and not 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 2; and
- (b) the outcome of a comprehensive assessment referred to in paragraph 3.

The EIT shall inform the European Parliament and the Council before extending the seven-year period referred to in paragraph 1.

5. For the purpose of deciding whether to extend the partnership agreement with a KIC under paragraph 4, the Governing Board shall take into account the criteria for implementing, monitoring and evaluating the European Partnerships set out in Regulation (EU) 2021/695 and, with regard to the KICs, the following matters:

- (a) their relevance to the Union's global challenges;
- (b) their Union added value and relevance with regard to the objectives of the EIT;
- (c) the achievement of their objectives;
- (d) their efforts to coordinate their activities with other relevant research and innovation initiatives;
- (e) their capacity to ensure openness to new members;
- (f) their achievements in attracting new members from across the Union;
- (g) their compliance with good governance principles;
- (h) their efforts and results in designing and implementing gender-sensitive measures and activities; and
- (i) their capacity to develop sustainable innovation ecosystems and the achieved level of financial sustainability.

6. In the event that the continuous monitoring, an interim review or the comprehensive assessment of a KIC referred to in paragraphs 2 and 3 of this Article shows inadequate progress in areas referred to in Article 10 or a lack of Union 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.

7. The EIT shall, under the supervision of the Governing Board, conduct a final review of the performance and activities of the KIC before the expiry of the partnership agreement. Subject to the positive outcome of a final review before the expiry of the partnership agreement, the EIT may conclude a memorandum of cooperation with a KIC.

Article 12

Memorandum of cooperation

1. The duration, content and structure of the memorandum of cooperation shall be established by the Governing Board, taking into account an in-depth, independent study. The study shall include an assessment of the KIC's efforts to achieve financial sustainability, the revenues generated and the KIC's financial outlook. In addition, the assessment shall identify any activities the continuation of which might be at risk due to a lack of resources.

2. The memorandum of cooperation shall include:

- (a) rights and obligations linked to the continuation of the knowledge triangle activities as well as the maintenance of the KIC's ecosystem and network;
- (b) conditions for the use of the EIT brand and participation in EIT Awards and in other initiatives organised by the EIT;
- (c) conditions for the participation in higher education and training activities including the use of the EIT label for education and 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 and shared services;
- (e) conditions for additional support from the EIT for transnational coordination activities among the co-location centres with a high Union added value.

3. Where no memorandum of cooperation is concluded, the KIC shall not use the EIT brand for its activities.

Article 13

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 vocational education and training providers in accordance with national rules and accreditation procedures. The partnership agreements, grant agreements and memoranda of cooperation between the EIT and the KICs shall provide for such degrees and diplomas also to be labelled as EIT degrees and diplomas.

2. The EIT shall encourage participating HEIs and vocational education and training providers to:

- (a) award joint or multiple degrees and diplomas, reflecting the integrated nature of the KICs, which may also be awarded by a single HEI or vocational education and training provider;
- (b) disseminate best practices on horizontal issues;
- (c) promote and publicise the EIT label in their training and diplomas;
- (d) develop different strategies with the aim of promoting effective cooperation with innovation ecosystems and businesses and fostering an entrepreneurial mind-set;
- (e) create programmes focusing on lifelong learning and certification;

- (f) pay special attention to gender balance and gender-sensitive approaches, in particular in areas where women continue to be underrepresented, such as information and communications technology, science, technology, engineering and mathematics;
- (g) take into account:
 - (i) Union action undertaken in accordance with Articles 165 and 166 TFEU;
 - (ii) action undertaken in the context of the European Higher Education Area.

Article 14

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 ensuring that such activities are consistent, through coordination, with other actions 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 the necessary support in establishing appropriate synergies and complementarities with other activities undertaken under Regulation (EU) 2021/695, as well as other Union initiatives and programmes, while avoiding duplication.

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

Article 15

Legal status

1. The EIT shall be a Union body and shall have legal personality. In each Member State, it shall enjoy the widest possible legal capacity accorded to legal persons under national law. In particular, it may acquire and 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 annexed to the TEU and to the TFEU shall apply to the EIT.

Article 16

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 of the European Union (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 by its members of staff 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 in accordance with Articles 263 and 265 TFEU.

Article 17

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 that provides information about their activities and the opportunities they offer, in particular with regard to open calls.

2. The EIT and the KICs shall make available detailed information on 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 Regulation (EU) 2021/695.

3. Before issuing calls for proposals for the selection of the KICs, the EIT shall make public its rules of procedure, its specific financial rules referred to in Article 23(1) and the criteria for the selection of the KICs referred to in Article 9.

4. The EIT shall make public without delay its single programming document and consolidated annual activity report referred to in Article 19.

5. Without prejudice to paragraphs 6 and 7, the EIT shall not divulge to third parties confidential information it has received for which confidential treatment has been requested and is justified.

6. The members of the EIT bodies shall be subject to the confidentiality requirement referred to in Article 339 TFEU.

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 Council ⁽¹¹⁾.

7. Regulation (EC) No 1049/2001 of the European Parliament and of the Council ⁽¹²⁾ shall apply to the documents held by the EIT.

8. Council Regulation No 1 ⁽¹³⁾ shall apply to the EIT. The translation services required for the functioning of the EIT shall be provided by the Translation Centre for the bodies of the European Union, set up by Council Regulation (EC) No 2965/94 ⁽¹⁴⁾.

Article 18

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 other third countries or public authorities within those Member States or countries;

⁽¹¹⁾ 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).

⁽¹²⁾ 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).

⁽¹³⁾ Council Regulation No 1 of 15 April 1958 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

⁽¹⁴⁾ Council Regulation (EC) No 2965/94 of 28 November 1994 setting up a Translation Centre for bodies of the European Union (OJ L 314, 7.12.1994, p. 1).

- (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;
 - (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 conditions for accessing the financial contribution from the EIT shall be established in the financial rules of the EIT referred to in Article 23(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 a KIC's life cycle. Such a contribution shall gradually decrease over time in accordance with the funding rates set in the SIA.
5. The KICs and their partner organisations may apply for Union funding, in particular in the framework of Union programmes and funds, in accordance with the relevant rules. Such funding shall not cover 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 and reflect the KICs' strategy for achieving financial sustainability.
7. The EIT shall establish a 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 set out in the SIA.

Article 19

Programming and reporting

1. The EIT shall adopt a single programming document based on the SIA, in accordance with its financial rules referred to in Article 23(1), 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;
 - (c) an estimate of the staffing needs arising from new tasks;
 - (d) appropriate qualitative and quantitative methods, tools and indicators for monitoring the activities of the EIT and the KICs, using an impact-oriented and performance-based approach;
 - (e) 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. The consolidated annual activity report shall 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 Regulation (EU) 2021/695 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.

By 29 May 2022 and on an annual basis thereafter, the Director shall submit the consolidated annual activity report to the competent committees of the European Parliament.

Article 20

Monitoring and evaluation of the EIT

1. The EIT shall ensure that its activities, including those managed through the 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 independent external 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 the KICs. Those evaluations shall feed into the Horizon Europe evaluations provided for in Article 52 of Regulation (EU) 2021/695.

Those evaluations shall examine how the EIT fulfils its mission and objectives and cover activities of the EIT and the KICs. They shall assess the Union added value of the EIT, the impact across the Union and the impact of the RIS activities, openness, effectiveness, efficiency and relevance of the EIT activities pursued and their consistency and complementarity with relevant Union and national policies, including the synergies with other parts of Horizon Europe, in particular the other European Partnerships and missions and the EIC.

The interim evaluation shall also assess, inter alia, the result and impacts of the pilot higher education initiative, the effectiveness of the KICs' financial sustainability strategies and the collaboration between the EIT and implementing bodies under Pillar III 'Innovative Europe' of Horizon Europe. In that respect, the EIT evaluations shall feed into Horizon Europe evaluations, also in view of a systematic assessment of the Pillar III 'Innovative Europe' of Horizon Europe, in particular with respect 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 independent external 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 burden 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 carrying out the programmes and operations of the EIT.

Article 21

The EIT's budget

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

The Union contribution shall be provided from 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.

The EIT may receive additional financial resources from other Union programmes.

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

*Article 22***Preparation and adoption of the EIT's annual budget**

1. The content and structure of the EIT's budget shall be established in accordance with its financial rules. The expenditure of the EIT shall include staff remuneration, administrative and infrastructure expenses and operational expenditure. Administrative expenses shall be kept to a minimum. The EIT's budget shall be balanced in terms of revenue and expenditure.
2. The Director shall draw up a draft estimate of the EIT's revenue and expenditure for the following financial year and shall forward it to the Governing Board.
3. The Governing Board shall adopt the draft estimate of the EIT's revenue and expenditure, accompanied by a draft establishment plan, and shall 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's budget. The EIT's budget shall become final following the final adoption of the general budget of the 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's 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 EIT's budget shall follow the same procedure.

*Article 23***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 24***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 Council ⁽¹⁵⁾ shall apply to the EIT.
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) ⁽¹⁶⁾. The Governing Board shall formalise that accession and adopt the necessary measures to help OLAF carry out internal investigations.

⁽¹⁵⁾ 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).

⁽¹⁶⁾ OJ L 136, 31.5.1999, p. 15.

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 contractors and sub-contractors which have received Union funds, including at the premises of the final beneficiaries.

Article 25

Winding up of the EIT

In the event of the EIT being wound up, this 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.

Article 26

Review

By 31 December 2026, the Commission shall, on the basis of the results of the evaluations referred to in Article 20(2) and (3), submit, where appropriate, any proposals for amendments to this Regulation which it considers to be necessary, in particular in relation to the EIT's mission and objectives set out in Article 3 and with a view to extending the EIT's budget beyond the period specified in Articles 3 and 21 in accordance with the relevant Union framework programme for research and innovation.

Article 27

Repeal

Regulation (EC) No 294/2008 is repealed as from 28 May 2021, with the exception of Articles 3 and 5, Article 6(1) and Articles 7, 14, 17 and 19 thereof, 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 28

Entry into force and application

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

Articles 3, 4 and 6, Article 7 (1) and (3), and Articles 8, 9, 18 and 21 shall apply from 1 January 2021.

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

Done at Brussels, 20 May 2021.

For the European Parliament
The President
D. M. SASSOLI

For the Council
The President
A. P. ZACARIAS

ANNEX I

STATUTES OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY

SECTION 1

COMPOSITION OF THE GOVERNING BOARD

1. 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 the fields of higher education, research, innovation or business. That appointment shall be made following an open call for expressions of interest. The term of office of the members of the Governing Board shall be four years. The Commission may extend the term of office once by a two-year period on the proposal of the Governing Board.

In appointing the members of the Governing Board, the Commission shall make best efforts to ensure a balanced representation of those with experience in the fields of higher education (including vocational education and training), research, innovation and business, as well as gender and geographical balance and an appreciation of the higher education, research and innovation environment across the Union.

Where necessary, the Governing Board shall submit to the Commission a shortlist of candidates for the purposes of the appointment of a 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 in accordance with the procedure laid down in the first, second and third paragraphs and inform the European Parliament and the Council of the selection procedure and of the final appointment of those members of the Governing Board.

In the event that a member is unable to complete his or her term of office, a substitute member shall be appointed by the procedure set out in the first, second and third paragraphs in order to complete the incapacitated member'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 term of four years at the request of the Governing Board.

The Commission shall appoint three additional members to the Governing Board to reach the number of 15 by 29 November 2022. The members of the Governing Board appointed before 28 May 2021 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 Governing Board.

2. The members of the Governing Board shall act in the interests of the EIT, safeguarding its mission and objectives, identity, autonomy and coherence, in an independent and transparent manner.
3. The Governing Board may invite a Member of the EIC Board or other stakeholders to attend their meetings as observers.
4. The Governing Board shall, when executing its responsibilities, act under the supervision of the Commission in implementing the EIT's mission and objectives set out in Article 3.

SECTION 2

RESPONSIBILITIES OF THE GOVERNING BOARD

1. The Governing Board, in exercising its responsibility for steering and monitoring the activities of the EIT and the KICs, shall take strategic decisions. In particular, it shall:
 - (a) after consulting the existing KICs and taking their opinions into account, adopt the EIT's contribution to the Commission's proposal on the SIA and make it public;

- (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 the EIT financial contribution to them, with a view to implementing the relevant KIC business plan and achieving the objectives set out in the SIA and in accordance with Article 10, taking into account the requirements set out in Article 11(4) and (5), including the KICs' progress in achieving financial sustainability;
 - (d) adopt the selection procedure of the KICs, in accordance with Article 9 and the SIA;
 - (e) select and designate a partnership as a KIC in accordance with the conditions and criteria set out in Article 9, and withdraw such a designation where appropriate;
 - (f) authorise the Director to prepare, negotiate and conclude partnership agreements and grant agreements with the KICs;
 - (g) establish the duration, content and structure of memoranda of cooperation in accordance with Article 12, mandate and authorise the Director to prepare and negotiate memoranda of cooperation with the KICs and, after having examined the negotiated memoranda of cooperation, authorise the Director to conclude them;
 - (h) authorise the Director to extend partnership agreements with the KICs beyond the period initially set, subject to the positive outcome of the interim review and comprehensive assessment, as set out in the SIA, before the expiry of that period in accordance with Articles 10 and 11;
 - (i) authorise the Director to prepare, negotiate and conclude grant agreements with other legal entities;
 - (j) adopt effective, efficient, transparent and continuous monitoring and evaluation procedures, including a sound set of indicators in accordance with Articles 10, 11, 19 and 20, and supervise their implementation by the Director;
 - (k) take appropriate corrective measures with respect to underperforming KICs, including the reduction, modification or withdrawal of the EIT's financial contribution to those 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 with Articles 10, 11 and 18;
 - (l) encourage the KICs to adopt operational models for openness towards new partner organisations;
 - (m) promote the EIT across the Union and globally, so as to raise its attractiveness, and for that purpose authorise the Director to sign memoranda of understanding with Member States, associated countries or other third countries;
 - (n) 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 HEIs, as well as vocational education and training providers where appropriate, and their integration in innovation ecosystems, in order to reinforce the integration of the knowledge triangle;
 - (o) promote the creation of synergies between the EIT, including through the KICs, and the Union framework programmes for research and innovation, as well as national and regional funding schemes.
2. In addition to the strategic decisions referred to in point 1, the Governing Board shall take the following procedural and operational decisions necessary for the fulfilment of its tasks and the activities of the EIT. It shall, in particular:
- (a) adopt its rules of procedure and those of the Executive Committee, as well as the specific financial rules of the EIT;
 - (b) delegate specific tasks to the Executive Committee;
 - (c) set appropriate fees for members of the Governing Board and of the Executive Committee, which shall be in line with similar remuneration in the Member States;

- (d) adopt an open and transparent procedure for selecting the members of the Executive Committee;
 - (e) appoint the Director and, if necessary, extend his or her term of office or remove the Director from office, in accordance with Section 5;
 - (f) appoint the Accounting Officer and the members of the Executive Committee;
 - (g) adopt a code of good conduct regarding conflicts of interest;
 - (h) establish, where appropriate, advisory groups with a defined objective, tasks and duration;
 - (i) set up an Internal Auditing Function in accordance with the EIT's financial rules;
 - (j) decide on the working languages of the EIT, taking into account existing principles on multilingualism and the practical requirements of its operations;
 - (k) convene an annual senior-level meeting with the KICs;
 - (l) report on the KICs' cooperation with other European Partnerships.
3. The Governing Board shall take decisions in accordance with the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the Union, laid down in Council Regulation (EEC, Euratom, ECSC) No 259/68 ⁽¹⁾ (referred to as the 'Staff Regulations' and the 'Conditions of Employment', respectively), 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, in accordance with Article 110(2) of the Staff Regulations;
 - (b) in accordance with point (c) of this point, exercise, with respect to the staff of the EIT, the powers of the Appointing Authority conferred by the Staff Regulations and the Authority Empowered to Conclude a Contract of Employment conferred by the Conditions of Employment (the 'appointing authority powers');
 - (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, 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 Director 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 or her agreement shall be required in cases referred to in point 5. He or 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 (1)(a), (b), (c), (d), and (n) of Section 2 and points (2)(e) and (j) of Section 2, as well as decisions under point 1 of this Section shall require a majority of two thirds of the Governing Board's members having the right to vote.

⁽¹⁾ OJ L 56, 4.3.1968, p. 1.

5. Decisions of the Governing Board under points (1)(c), (e), (g), (h), (j) and (m), point (2)(c) and point (3)(a) of Section 2 shall require the agreement of the Commission, expressed by its representative in the Governing Board.
6. The Governing Board shall seek the opinion of the MSRG before adopting decisions concerning the extension or termination of the partnership agreements with the KICs in accordance with points (1)(h) and (k) of Section 2, and on the conclusion of the memorandum of cooperation in accordance with point (1)(g) of Section 2.

The opinion referred to in the first paragraph 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.

7. 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 its members, providing a balance between those with experience in the fields of higher education, research, innovation or business. 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 of and adoption by 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 draft 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 mission and objectives, identity, autonomy and coherence, in an independent and transparent manner. They shall regularly report to the Governing Board on the decisions adopted and tasks assigned to them by the Governing Board.

SECTION 5

THE DIRECTOR

1. The Director shall be a person with expertise and a high reputation in the areas in which the EIT operates. The Director shall be a member of staff of the EIT and shall be engaged as a temporary agent under point (a) of Article 2 of the Conditions of Employment.
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 shall not participate in another selection procedure for the same post.
4. The Director shall 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 activities falling under his or 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 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 procedure and ensure that the various stages of that procedure are carried out in a transparent and objective manner, under the supervision of the Governing Board, annexing a detailed report of the selection procedure to the consolidated annual activity report referred to in point (d);
 - (f) prepare, negotiate and conclude, under the authorisation of the Governing Board, partnership agreements and grant agreements with the KICs;
 - (g) prepare and negotiate memoranda of cooperation with the KICs and, subject to final approval by the Governing Board, conclude them in accordance with point (1)(a) of Section 2;
 - (h) prepare, negotiate and conclude, with the agreement of the Governing Board, grant agreements with other legal entities;
 - (i) organise the meetings of the stakeholder forum and of the MSRSG and ensure effective communication with them, under the supervision of the Governing Board;
 - (j) sign, with the authorisation of the Governing Board, memoranda of understanding with Member States, associated countries or other third countries with the aim of promoting the EIT globally;
 - (k) ensure the implementation of effective monitoring, assessment and evaluation procedures relating to the performance of the KICs in accordance with point (1)(j) of Section 2, as well as implement the corrective measures decided by the Governing Board in accordance with Article 11(6);

- (l) be responsible for administrative and financial matters, in accordance with the principle of sound financial management, including the implementation of the EIT's budget, taking due account of advice received from the Internal Auditing Function;
 - (m) submit the draft annual accounts and balance sheet to the Internal Auditing Function, and subsequently to the Governing Board;
 - (n) 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;
 - (o) ensure effective communication with the Union's institutions, under the supervision of the Governing Board;
 - (p) inform the MSRG of the results of the monitoring, assessment and evaluation, and submit the opinions of the MSRG to the Governing Board;
 - (q) act in the interests of the EIT, safeguarding its mission and objectives, identity, autonomy and coherence, in an independent and transparent manner.
7. The Director shall perform any other tasks entrusted to him or 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 and the rules adopted by agreement between the Union institutions for giving effect to them shall apply to the staff of the EIT. This point shall apply to staff employed by the EIT on 28 May 2021, regardless 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.
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ANNEX II

REPEALED REGULATION WITH 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)

ANNEX III

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 3
Article 2, point 5	Article 2, point 5
Article 2, point 6	Article 2, point 6
Article 2, point 7	Article 2, point 7
-	Article 2, point 8
Article 2, point 8	-
Article 2, point 9	Article 2, point 9
Article 2, point 9a	Article 2, point 10
Article 2, point 10	Article 2, point 11
-	Article 2, point 12
Article 2, point 11	Article 2, point 13
-	Article 2, point 14
-	Article 2, point 15
-	Article 2, point 16
Article 3	Article 3(1) and (2)
Article 4(1), points (a), (c) and (d)	Article 5(1)
Article 4(2)	-
Article 4(3)	Article 5(2)
-	Article 5(3)
Article 5(1), points (a) to (c)	Article 6, points (a), (b) and (c) and point (e)
Article 5(1), point (d)	-
-	Article 6, point (d)
Article 5(1), points (e) and (f)	Article 6, points (f) and (g)
-	Article 6, points (h) and (i)
Article 5(1), points (g) to (i)	Article 6, points (j), (k) and (l)
Article 5(1), point (j)	-
-	Article 6, points (m) and (n)
Article 5(1), point (k)	Article 6, points (o) and (p)
-	Article 6, points (q) to (t)
Article 5(2)	-
Article 6(1), points (a) to (c)	Article 7(1), points (a), (b) and (c)
-	Article 7(1), point (d)
Article 6(1), point (d)	Article 7(1), point (e)

-	Article 7(1), point (f)
Article 6(1), point (e)	Article 7(1), point (g)
-	Article 7(1), points (h) and (i)
Article 6(2), points (a) to (e)	Article 7(2), points (a) to (e)
-	Article 7(3)
Article 6(3)	Article 7(4)
-	Article 8
Article 7(1)	Article 9(1)
Article 7(1a)	Article 9(2)
Article 7(2)	-
Article 7(3)	Article 9(3)
Article 7(4)	Article 9(4)
Article 7(5)	Article 9(5)
Article 7a	Article 10
Article 7b(1)	-
Article 7b(2)	Article 11(1)
-	Article 11(2)
-	Article 11(3)
Article 7b(3)	Article 11(4)
-	Article 11(5)
Article 7b(4)	Article 11(6)
-	Article 11(7)
-	Article 12
Article 8(1)	Article 13(1)
Article 8(2), point (a)	Article 13(2), point (a)
Article 8(2), point (aa)	Article 13(2), point (b)
-	Article 13(2), points (c) to (f)
Article 8(2), point (b)	Article 13(2), point (g)
Article 9(1) and (2)	Article 14(1)
Article 9(3)	Article 14(2)
Article 11	Article 15
Article 12	Article 16
Article 13(1)	Article 17(1)
-	Article 17(2)
Article 13(2) to (7)	Article 17(3) to (8)
Article 14(1)	-
Article 14(2)	Article 18(1)
Article 14(3)	Article 18(2)
-	Article 18(3)

Article 14(4)	Article 18(4)
Article 14(5)	Article 18(5)
Article 14(6)	-
-	Article 18(6)
Article 14(7)	Article 18(7)
Article 15(1)	Article 19(1)
Article 15(2)	Article 19(2)
Article 16(1)	Article 20(1)
Article 16(2)	Article 20(2)
Article 16(2a)	Article 20(3)
Article 16(3)	Article 20(4)
Article 17(1)	-
-	Article 4(4)
Article 17(2)	Article 4(1)
Article 17(2a)	Article 4(2)
Article 17(3)	Article 4(3)
Article 17(4)	Article 4(5)
Article 18	-
Article 19(1)	-
-	Article 21(1)
Article 19(2)	-
Article 19(3)	Article 21(2)
Article 20(1)	Article 22(1)
Article 20(2)	-
Article 20(3)	Article 22(2)
Article 20(4)	-
Article 20(5)	Article 22(3)
Article 20(6)	-
Article 20(7)	-
Article 20(8)	Article 22(4)
Article 20(9)	Article 22(5)
Article 20(10)	Article 22(6)
Article 21(1)	Article 23(1)
Article 21(1a)	Article 23(2)
Article 21(2)	Article 23(3)
Article 21(3)	Article 23(4)
Article 21(4)	-
Article 22	Article 24

Article 22a	Article 25
Article 23	-
-	Article 26
-	Article 27
Article 24	Article 28
Annex	Annex I
-	Annex II
-	Annex III
