DECISION 19/2023

OF THE GOVERNING BOARD OF

THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)

ON THE ASSESSMENT AND ADOPTION OF THE 2022 ANNUAL ACTIVITY REPORT OF THE AUTHORISING OFFICER OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY

THE GOVERNING BOARD OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY,

Having regard to 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),[1] (hereinafter referred to as the 'EIT Regulation'), and in particular Article 19 (2) thereof, point (1) (b) of section 2 and point (6) (d) of section 5 of the Statutes of the EIT provided in Annex I to the EIT Regulation (hereinafter the 'Statutes of the EIT');

Having regard to Commission Delegated Regulation (EU) No 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[2] (hereinafter referred to as the 'Framework Financial Regulation'), and in particular Article 48 thereof;

Having regard to Decision 21/2019 of the Governing Board of the EIT of 25 September 2019 on the Financial Regulation of the EIT[3] (hereinafter referred to as the 'EIT Financial Regulation'), and in particular Article 1 thereof;

Having regard to Decision 18/2023 of the Governing Board of the EIT of 12 May 2022 on the Charter of the Audit Committee and on the Members and Chairperson for the EIT Audit Committee[4];

Having regard to the consolidated annual activity report prepared by the Authorising Officer in respect of the year 2022;

WHEREAS

- The Authorising Officer shall report to the Governing Board on the performance of his or her duties in a form of a consolidated annual activity report pursuant to Article 48(1) of the Framework Financial Regulation;
- The consolidated annual activity report shall be submitted to the Governing Board for assessment in accordance with Article 48(1) of the Framework Financial Regulation;
- The Governing Board shall adopt the consolidated annual activity report of the EIT based on the draft prepared by the Director pursuant to Section 2 and point (6) (d) of section 5 of the Statutes of the EIT;
- No later than 1 July each year the consolidated annual activity report together with its assessment shall be sent by the Governing Board to the Court of Auditors, to the Commission, to the European Parliament and the Council in line with Article 48(2) of the Framework Financial Regulation;

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[1] OJ L189 of 28.05.2021, p. 61.
[2] OJ L122 of 10.5.2019, p. 1.
[3] Ares(2019)6810859
[4] Ref. Ares(2023)3472176 - 17/05/2023

- In line with the Charter of the Audit Committee, the Audit Committee shall advise the Governing Board regarding the assessment of the annual activity report of the Authorising Officer;
- The EIT Audit Committee expressed its positive opinion on the draft annual activity report prepared by the Director and supports the adoption of the Governing Board's assessment of the consolidated annual activity report 2022 as well as the adoption of the consolidated annual activity report 2022.

HAS DECIDED AS FOLLOWS:

Article 1
Assessment of the Consolidated Annual Activity Report 2022

The EIT Governing Board:

1. Welcomes the results presented in the Consolidated Annual Activity Report of the Authorising Officer (the 'CAAR') and appreciates the presentation of all the underlying building blocks that underpin the declaration of assurance. Expresses its satisfaction and appreciation of the results achieved by the EIT and the high level of commitment and the increasing quality and efficiency of work of the EIT.
2. Welcomes the fact that under the new Strategic Innovation Agenda, the EIT Community continues to increase in size and the impact of its activities and has collectively now enabled over 1 670 innovative products and services to be put on the market, trained thousands of entrepreneurs and supported over 5 600 start and scale-ups that attracted close to EUR 6 billion in investments.
3. Welcomes that the EIT concluded successfully integration into Horizon Europe with the transition to a multiannual funding model, increased openness and transparency with the model being launched for the 2023-25 grant cycle. Expresses its satisfaction that following the successful annual grant allocation process, the EIT Governing Board decided in December 2022 to allocate EUR 890 million to the KICs, the highest funding allocation of the EIT.
4. Welcomes the timely selection and designation of the EIT Community's ninth KIC: EIT Culture & Creativity, to strengthen and transform Europe's Cultural and Creative Sectors and Industries (CCSI) by connecting creatives and organisations to Europe's largest innovation network. Expresses satisfaction that beyond the successful completion of the designation process, the Start Up Grant for the KIC was launched in 2022 and will be completed in 2023.
5. Welcomes the further progress in the implementation of the pilot Initiative: Innovation Capacity Building for Higher Education launched in 2021 with increasing interest and participation of Higher Education Institutions, in particular from the Regional Innovation Scheme countries.
6. Expresses satisfaction that participation of entities from Regional Innovation Scheme countries in EIT activities continues to increase rapidly and that an increasing number of success stories results from it.
7. Welcomes that the EIT concluded a comprehensive assessment of the second wave of KICs in 2022 (EIT Health and EIT RawMaterials), which covered the first seven years of the KICs' operations and that both KICs were assessed positively on all criteria, what led to the EIT GB decision to continue the Partnership Agreements with both KICs.
8. Welcomes the fact that the New European Innovation Agenda (NEIA) adopted on 5 July 2022 by the European Commission to position Europe at the forefront of the new wave of deep tech innovation and start-ups and outlined the EIT Community as one of its key contributors and actors of the European Innovation Ecosystem. Expresses its satisfaction with the lead by the EIT of the ambitious Deep Tech Talent Initiative, which aims to skill, re-skill, and up-skill at least 1 million talents in the next three years (2023-2025).
9. Expresses its satisfaction with the successful and timely organisation by the EIT community under the lead of the EIT of ten INNOVEIT WEEKS events and several open days, which took place between September-October in different European cities mobilising over 6 000 attendees in-person and 50 000 video views.

Welcomes the fact that the series attracted a high level of visibility as it generated over 200 press articles and attained a social media reach of more than 30 million. Welcomes the fact that the final event of the INNOVEIT WEEKS, the EIT Summit, organized on 11 October in Brussels, which hosted the 2022 EIT Awards ceremony attracted over 1 396 participants in-person and online, while the live stream recording received over 44 000 views.

10. Welcomes the EIT Community's immediate response and provided its support to the people of Ukraine after the unprovoked aggression of Russia's attack on Ukraine in February 2022. Expresses its satisfaction that beyond the immediate response, the EIT demonstrated solidarity and opened or set-up 17 activities to support students, entrepreneurs, researchers as well as higher education institutions and businesses from Ukraine throughout 2022.

11. Welcomes that the European Battery Alliance Academy with a grant of EUR 10 million under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) was launched in February, to be implemented by EIT InnoEnergy and marking the first major allocation of funds from another programme to the EIT outside of Horizon Europe, highlighting the positive synergies and European added value created by the EIT.

12. Welcomes that the EIT Monitoring and Evaluation Strategy (2022-2027) was adopted, which provides a solid strategic direction and framework for the EIT for its monitoring and evaluations of the KICs under the new operational and financial model.

13. Welcomes the successful implementation of key synergies via structured cooperations, for example, under the Memoranda of Understanding with the European Innovation Council, the European Union Intellectual Property Office, the European Patent Office, the COST initiative and the European Union Agency for Law Enforcement Training.

14. Welcomes that under the supervision of the EIT Governing Board and in close coordination with the European Commission through the EIT Governing Board Global Outreach Advisory Group, the EIT Global Outreach Strategic Framework, to strengthen the standing of the EIT among the global innovation community through a structured dialogue with third countries and international organisations was revised. Notes that the Framework is aligned with European Commission International Research and Innovation priorities.

15. Encourages the EIT to take further measures to more broadly disseminate the results achieved and mobilise KICs to contribute more strongly to this agenda.

16. Welcomes further expansion of the Network of EIT National Contact Points (NCP), which currently consists of 101 NCPs from 65 countries and the operation of the Member State Representative Group (MSRG) effectively contributing to the EIT decision making.

17. Notes that the 2022 budget implementation rate of the EIT was 94% and the payment appropriations amounted to 97%, including grants. Is satisfied that the detected error rate during ex-post verification of 2020 grants was 0.66 % and the residual error rate is 0.62%, which is well below the materiality level of 2%.

18. Expresses satisfaction that ECA concluded that revenue as well as payments underlying the accounts for the year ended 31 December 2021 are legal and regular in all material aspects.

19. Notes with satisfaction that the European Parliament granted discharge to the EIT in respect of the financial year 2021, which confirms the positive evaluation of the EIT's management and control systems.

20. Expresses satisfaction that the number of closed IAC audit recommendations has increased from 125 to 146 from end-2021 to end-2022, with no critical audit recommendations remaining open. Calls on the EIT management to further progress with the implementation of the remaining open audit recommendations, including those stemming from new Audit Action Plans adopted in 2022.

21. Appreciates the fact that throughout 2022, the EIT Director kept the Governing Board fully informed of the EIT's activities and progress by way of regular Governing Board meetings, facilitated by a structured agenda and regular activity reports, as well as actively engaged the Board members in additional activities to support the EIT, inter alia as Rapporteurs for KICs and in Advisory Groups and to promote the EIT and its mission externally.

22. Welcomes the steps taken by the EIT Director to further enhance the efficiency of the EIT administration, including the strategic planning and prioritisation of tasks and the reorganisation of the EIT, including the strengthening of its management capacity.

23. Expresses its satisfaction that the EIT further advanced its simplification agenda aimed at reducing and simplifying the administrative procedures and outsourcing basic administrative tasks, allowing the organisation to focus on implementing impactful activities.

24. Notices that the 2022 EIT Internal Control System was effective and efficient falling under Category 1 but continued improvements are needed as regards Principle 12. *The EIT deploys control activities through corporate policies that establish expectations and through procedures that put policies into action*. Notices that the EIT should focus additionally on addressing Principle 04. *The EIT demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives* and Principle 10. *The EIT selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels*.

25. Expresses its regret that the number of posts planned, and therefore made available to the EIT by the EU institutions, has not followed the significant growth of the EIT's mandate, budget and activities under Horizon Europe and calls on the Commission to consider a timely increase of the staff allocated to the EIT.

26. Remains therefore highly concerned about the fact that the continuous structural understaffing of the EIT, as also confirmed by several independent auditors including the European Court of Auditors, has not been addressed by the EU institutions. In particular, the increased mandate under Horizon Europe with the expected creation of additional new KICs, the new Higher Education Institutions capacity building initiative, the enhanced objectives of the EIT Regional Innovation Scheme as well opportunities from synergies with other programmes and EU policy priorities (e.g. European Innovation Council, EU Recovery Funds, Skill development, New European Bauhaus) and tasks related to enhanced EIT Governance and cooperation structures (e.g. the enhanced Member States Representative Group and EIT National Contact Points) have not been matched by any additional posts for the EIT.

27. In the light of this, the EIT Governing Board is highly concerned that unless the staffing situation is addressed, the EIT cannot fully deliver on its objectives and potential, and may be unable to fulfil its tasks in a satisfactory manner, in particular what concerns the necessary supervision and monitoring of KICs.

28. Points out that as a result the EIT may be unable to mitigate further the risks of an increase of error rates, creating an unacceptable financial risk for the EIT. Moreover, allocating an additional mandate and tasks are a threat to the health of EIT staff and its work environment creating negative operational and reputational impact for the EIT.

29. In the light of the above the EIT Governing Board calls on the EIT Director to identify tasks that can be postponed, stopped or scaled down until the EU institutions address the staffing situation of the EIT and empowers him to take the necessary measures to maintain the error rate below the materiality threshold, for example through a further outsourcing of operational and administrative tasks within the current limits of the current legal framework.

30. Confirms that the EIT Governing Board's analysis and assessment of the Consolidated Annual Activity Report 2022 is positive and that the Consolidated Annual Activity Report 2022 provides it with the necessary assurance for a positive assessment of the results achieved in 2022.

Article 2
Adoption of the Consolidated Annual Activity Report

Based on the assessment of the Governing Board, as set out in Article 1 of this decision, the Consolidated Annual Activity Report 2022 by the EIT Director is adopted as set out in Annex 1 to this decision.

Article 3
Publication

The Consolidated Annual Activity Report 2022 shall be sent by the Chairperson of the EIT Governing Board on behalf of the Governing Board to the European Court of Auditors, to the Commission, to the European Parliament and the Council and shall be published on the website of the European Institute of Innovation and Technology.

Article 4
Entry into force

This decision shall enter into force on the day of its signature.

Done in Heraklion on 21 June 2022

(e-signed)
Nektarios TAVERNARAKIS
Chair of the EIT Governing Board

Annex 1: Consolidated Annual Activity Report 2022

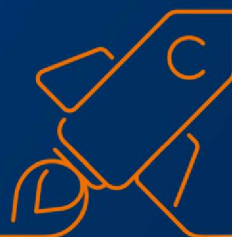eit.europa.eu EITeu EIT EITnews eiteu EIT

European Institute of
Innovation & Technology

A body of the European Union

CONSOLIDATED ANNUAL
ACTIVITY REPORT

FINANCIAL YEAR: 2022

June 2023, Budapest

INTRODUCTION

This consolidated annual activity report provides an overview of the activities and achievements of the European Institute of Innovation and Technology (EIT) in 2022.

The EIT's Annual Activity Report 2022 is a report of the EIT Director. It is a key component of the strategic planning and programming cycle and the basis on which the EIT Director takes responsibility for the management of resources and the achievement of objectives. It also allows the EIT Director to decide on the necessary measures to address any potential management and control weaknesses identified. It is in compliance with Article 47 of the EIT Financial Regulation.

The Annual Activity Report 2022 comprises four main parts and annexes as follows.

Part I: Achievements of the financial year 2022. Mirroring the structure of the Annual Work Programme of the EIT for the year 2022, Part I provides information on the achievement of objectives set in the annual work programme. This section also includes references to progress against Key Performance Indicators (KPIs) and targets.

Part II: Management. This section provides information on the functioning of the EIT Governing Board. It also includes major internal and external developments which had an impact on the EIT during the reporting year as well as information on budgetary and financial management, Human Resources management, assessment by the EIT management, and assessment of audit results during 2022, along with the follow-up of recommendations and action plans resulting from the audits. It also includes components on the follow-up of observations from the Discharge authority.

Part III: External evaluations. This section presents a summary of the action plans to follow up on the conclusions of the evaluations referred to in paragraph 3 of Article 29 and the report on its progress in accordance with art 29(4) FFR. In 2022, this part of the report was not applicable for EIT.

Part IV: Assessment of the effectiveness of the internal control systems. The report details the most important risks associated with the EIT's operation as well as compliance with and effectiveness of the Internal Control Standards.

Part V: Management assurance. The report concludes with a declaration of assurance in which the EIT Interim Director, in his role as Authorising Officer, takes responsibility for the legality and regularity of all financial transactions.

In the annexes, the report provides statistics and information on the EIT core KPIs, financial management, organisational chart, establishment plan, Human and Financial resources used by activity, the EIT's final annual accounts, and further specific annexes related to Part II and Part III of the report.

The EIT Annual Activity Report is a public document and is available on the EIT website. It follows the template provided by the European Commission.

The EIT in brief

The European Institute of Innovation and Technology (EIT) was set up to drive innovation across Europe. The EIT's mission is to contribute to the **competitiveness** of Europe, its **sustainable economic growth** and **job creation**, as well as to create favourable environments for **creative thought** and **enable ground-breaking innovation to thrive in Europe**. It does this by promoting and strengthening synergies and cooperation among businesses, education institutions, and research organisations, the so-called 'knowledge triangle'.

The EIT promotes innovation in Europe by bringing together organisations from these dimensions to cooperate in long-term partnerships through its **Knowledge and Innovation Communities (KICs)**. The partners of the KICs are **excellent innovators** that work together to tackle some of **Europe's greatest societal challenges**.

To date, the EIT has established nine KICs; one more may be launched by 2027:

EIT Climate-KIC
Accelerate the transition to a zero-carbon economy

EIT Digital
Drive Europe's digital transformation

EIT InnoEnergy
Achieve a sustainable energy future for Europe

EIT Health
Give EU citizens greater opportunities for a healthy life

EIT RawMaterials
Develop raw materials into a major strength for Europe

EIT Water
Contribute to a circular and sustainable water economy

EIT Culture & Creativity
Unite Europe's creatives

EIT Urban Mobility
Smart, green and integrated transport

EIT Manufacturing
Strengthen and increase the competitiveness of Europe's manufacturing industry

EIT Food
Lead a global revolution in food innovation and production

The EIT is now an integral part of **Horizon Europe**, the EU Framework Programme for Research and Innovation 2021-2027. The EIT's new **Strategy for 2021-2027 marks a budget of nearly EUR 3 billion** and a mandate to:

- ✓ Focus on the societal impact of our Innovation Communities by addressing the needs of innovators and through the creation of sustainable innovation ecosystems.
- ✓ Improve the EIT Community's openness, inclusiveness, and cooperation.
- ✓ Work harder to close Europe's innovation divide through the EIT Regional Innovation Scheme.
- ✓ Strengthening the innovation capacity of Higher Education even beyond the EIT Community.
- ✓ Enlarge our network with the creation of two new Innovation Communities: the first for the Cultural and Creative Sectors and Industries in 2022, the second for the Water, Marine and Maritime Sectors in 2026.

Individually, each Knowledge and Innovation Community focuses on providing solutions to today's most pressing societal challenges on which the Sustainable Development Goals ('SDGs') are based: climate change, renewable energy, digital transition, urban mobility, raw materials, smart manufacturing, food, and health.

➔ **EIT Climate-KIC** is taking urgent action to combat climate change and provides support to cities, regions, and major businesses as they strive for net zero emissions. The KIC will strengthen sustainable innovation and entrepreneurial ecosystems across Europe.

➔ **EIT InnoEnergy** strives towards achieving its strategic goal of reducing greenhouse gas emissions, increasing the security of the energy system (operability of assets and autonomy in supply), and

decreasing the cost of energy(€/kWh) across the value chain, aligned with the 2030 EU climate objectives.

➔ **EIT Digital** contributes towards a 'strong digital Europe that is inclusive, fair and sustainable,' promoting companies that not only have a strong commercial grounding but a positive societal impact also. EIT Digital is strategically concentrating its 'deep tech' investments in such selected focus areas as Digital Tech, Digital Cities, Digital Industry, Digital Wellbeing, Digital Finance.

➔ **EIT Raw Materials** focuses on securing raw materials supply from within Europe by strengthening and shortening raw materials supply chains in Europe from mines and secondary sources and enabling sustainable new extraction and processing of raw materials. It contributes to the design for a circular economy by developing new designs and methodologies for material flow analysis and life-cycle assessment, as well as improving resource efficiency. EIT Raw Materials aims to design materials solutions by accelerating and upscaling the design and production of advanced and engineered materials. The KIC will counter the trend of advanced materials development moving from Europe to other regions.

➔ **EIT Health** contributes greatly to addressing the health-related needs of citizens and the creation of stronger healthcare systems in Europe. The KIC works towards health continuum care pathways, bringing care home, creating an enabling environment for healthcare transformation, from the workplace to the health place, harnessing the power of real-world data, fostering healthy lives by introducing behavioral change.

➔ **EIT Food** places an emphasis on improving health outcomes through developing a digitally enabled circular, sustainable food system that contributes directly to engage consumers in an integrated food system, making personalised nutrition and more sustainable food choices a reality. With consumers at its core, EIT Food empowers a trusted multi-stakeholder community that includes market-leading and start-up businesses, technology innovators, best-in-class research institutions and educators, and advanced farmers and consumers.

➔ **EIT Urban Mobility** works to deploy and scale new sustainable solutions in cities driven by its mission to promote livable urban spaces engaging with citizens in co-creation activities. EIT Urban Mobility plans to create livable urban spaces by encouraging the development of more efficient and integrated transport systems across various modes. It will address the mobility sector, which is in transformation, driven by the demand for safer, cleaner, and more efficient solutions in combination with new enabling technologies and a changed vision regarding the role of the car.

➔ **EIT Manufacturing** promotes sustainable European Manufacturing, facilitating responsible consumption and production: reducing waste, raw materials, and energy consumption for an increasingly circular and carbon-neutral economy. The EIT KIC brings manufacturing actors of Europe together in an innovation ecosystem that adds unique value to European products, processes, services – and inspire the creation of globally competitive and sustainable manufacturing.

➔ In 2022 **EIT Culture and Creativity** was designated, an innovation community for Europe's Cultural and Creative Sectors and Industries. The new KIC plans to empower and connect creatives and innovators across Europe, unlock latent value from a multitude of small cultural and creative stakeholders, strengthen artistic driven innovation, reinforce the appreciation and anchoring of European values, and identities and harness the unique position of the Cultural and Creative Sectors and Industries to facilitate Europe's Green, Digital and Social transitions.

➔ **new EIT KIC on the Water, Marine and Maritime Sectors is planned to be setup in 2026.**

Executive Summary

Highlights of the year

Since the EIT was set up in 2008, its activities have continued to deliver **impact and ground-breaking innovations and it has created the largest innovation community in Europe**. The EIT model has been tried, tested and proven. By the end of 2022, the EIT Community has grown to over 3 200 partners and 70 hubs, which collectively have by now put over 1 670 innovative products and services on the market, trained several thousand entrepreneurs and supported over 5 600 start-ups and scale-ups that attracted EUR 6 billion in investments.

Furthermore, seven unicorns have been created with the support by different KICs:

The New European Innovation Agenda

The European Commission adopted the **New European Innovation Agenda (NEIA)** on 5 July 2022 to position Europe at the forefront of the new wave of deep tech innovation and start-ups. The new European Innovation Agenda sets out 25 dedicated actions under five flagship areas. The EIT is expected to contribute to several actions: the EIT Women2Invest Programme (A2F); establishing and connecting regional deep tech innovation valleys (Innovation Ecosystems); the EIT Deep Tech Talent Initiative (Talents); the Innovation Intern Scheme (Talents).

the Women Entrepreneurship and Leadership scheme (Talents); and extending the Girls Go Circular project (Talents). The main EIT flagship initiative indicated in the NEIA, the EIT Deep Tech Talent Initiative, aims to skill, re-skill, and up-skill at least 1 million talents in the next three years (2023-2025) within deep tech fields such as advanced materials and manufacturing, artificial intelligence, biotechnology, robotics, photonics, sustainable energy, and cleantech. EIT Manufacturing has been chosen as lead for the Community.

Multiannual Funding

In terms of synergies with other European stakeholders and initiatives, in February, a Memorandum of Understanding (MoU) was signed between the EIT and the European Cooperation in Science and Technology (COST). In May, the European Patent Office (EPO) signed an MoU to strengthen their collaboration on a broad range of intellectual property matters, increasing support and expertise to European innovators and SMEs. The EIT continued its excellent collaboration with the European Union Intellectual Property Office (EUIPO) and European Innovation Council (EIC). Furthermore, it kick-started preparations to join the EUAN Troika in March 2023 in view of the EIT's chairmanship starting as of 2024. The EIT will be chairing the network in collaboration with the other EU Agency based in Hungary, European Union Agency for Law Enforcement Training (CEPOL).

Following **the transition to a multiannual funding** approach and further integration with Horizon Europe, the fully fledged new multiannual and simplified operational model for implementation as of the 2023-25 cycle was introduced with an invitation to submit proposals for **KIC Business Plans 2023-2025** (2023-2024 in the case of first wave KICs), for 2023-2025 cross-KIC activities, for the Higher Education Institutions (HEI) initiative 2023-2025 (Call HORIZON-EIT-2022-KIC), and EU action grants under the Horizon Europe (HE) Framework Programme for Research and Innovation. The call was published on 28 April. The indicative EIT budget available for grants for the initial multiannual funding allocation decision at the end of 2022 was EUR 905 million, the highest allocation of the EIT. Following the evaluation, the EIT Governing Board decided in December 2022 to allocate EUR 890 million to the KICs.

Ukraine

The unprovoked aggression of Russia's attack on **Ukraine** in February 2022 fundamentally changed European Union priorities and strategies in many areas. The EIT, as an EU body, fully stands behind the EU position condemning the invasion and expressing its utmost support to the people of Ukraine. The EIT Community took immediate action and developed several initiatives to respond to the crisis. Beyond the immediate response (such as launching an EIT traineeship scheme for displaced Ukrainians), the EIT demonstrated solidarity and opened or set-up 17 activities.

A Simplified System

The EIT also further advanced its simplification agenda aimed at reducing and simplifying the administrative procedures and outsourcing basic administrative tasks, allowing the organisation to focus on implementing impactful activities. This included for example further integration with the EC IT operational framework, completed transition towards multiannual funding of KICs or further simplification of internal operational procedures.

A New Entry:

Culture & Creativity

In 2022, the EIT Community created its ninth KIC: EIT Culture & Creativity. Following months of preparations and proposal evaluations, the EIT announced the winning team set to build the KIC in June. The new KIC is designed to strengthen and transform Europe's Cultural and Creative Sectors and Industries (CCSI) by connecting creatives and organisations to Europe's largest innovation network. The new pan-European partnership can expect to split approximately EUR 300 million of EIT funding under Horizon Europe.

The EIT HEI Initiative

Launched in 2021, **the HEI Initiative: Innovation Capacity Building for Higher Education** closed the Second Call for Proposals in February 2022. 26 projects were selected for funding, covering 297 organizations. The Third Call for Proposals, with a special focus on training tech talent in higher education (aligned with the EIT's new flagship programme, the Deep Tech Talent Initiative), was launched on 8 November 2022.

It will mobilise up to EUR 12 million of EIT funding for higher education institutions (HEIs) and their partners. In 2023, the Governing Board will decide on the continuation of the HEI Initiative after its pilot phase (2021-2023).

Second Wave KICs Assessment

The EIT concluded a **comprehensive assessment of the second wave of KICs in 2022 (EIT Health and EIT RawMaterials)**. The assessment covered the first seven years of the KICs' operations. The assessment has been carried out in line with the requirements set out in the Methodology for the seven-year comprehensive assessment adopted by the EIT GB. Both KICs were assessed positively on all criteria.

Following consultations with the Member State Representatives Group (MSRG) and the European Commission, the EIT GB decided in June to continue the Partnership Agreements with both KICs.

The European Battery Alliance

On February, the European Battery Alliance (EBA) Academy with a grant of EUR 10 million under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) was launched. The EBA Academy, which is implemented by EIT InnoEnergy will train, reskill and upskill approximately 800 000 workers by 2025 to meet the demands of the skills shortages in the rapidly growing European battery value chain.

EIT – EIC Collaboration

EIT – EIC collaboration further developed in 2022. The work of the joint working group of the EIT and EIC Boards took with the participation of the members of the two independent Boards with the objective of designing an improved structural cooperation for the future advanced substantially. After the success of EIT KIC-supported start-ups and scale-ups by the two cut-off dates of the EIC Accelerator in 2021 (out of 164 in total, 48 companies previously supported by at least one EIC KIC were selected), all KICs continued to prepare start-ups and scale-ups in their portfolios to submit applications in 2022 via the FastTrack mechanism. Results of the March cut-off date of the EIC Accelerator showed than 24 companies out of 74 admitted had been previously supported by EIT KICs.

The Network of EIT National Contact Points (NCP)

In 2022, the **Network of EIT National Contact Points (NCP)** further expanded. Currently it consists of 101 NCPs from 65 EU Member States, Horizon Associated countries, and Third countries. They receive regular updates on EIT Community events, opportunities, and achievements via the EIT NCP Secretariat's periodic e-mail alerts. On 23 March, the First Annual Meeting between the EIT NCP Network and the EIT Community took place, where the EIT gave an overview on the 2021 results and 2022 priorities and highlighted the roadmap for 2022 collaboration. The 2nd Annual EIT National Contact Points (NCPs) meeting took place on 12 October in Brussels in a hybrid format.

INNOVEIT WEEKS 2022

10 INNOVEIT WEEKS events and several open days organised by the EIT Community took place between September-October in different European cities mobilising **over 6 000 attendees** in-person and online. The series has generated **200 press articles** and almost **50 000 event video views**, attaining a **social media reach of more than 30 million**. In addition to the inspiring discussions, further highlights included the inauguration of the new EIT Manufacturing Co-Location centre at INNOVEIT Athens, the creation of a women's investor network at INNOVEIT Bilbao, the launch of the EIT Ecosystem Map, and of the Deep Tech Talent Initiative at the closing event, the INNOVEIT Brussels - EIT Summit.

Central to the summit was the launch of the **EIT's Pledge for Deep Tech Talent** by Mariya Gabriel, the European Commissioner for Innovation, Research, Culture, Education and Youth. As he closed the Summit, EIT Governing Board Chair Nektarios Tavernarakis announced the launch of a new interactive EIT Ecosystem map which will act as a single portal to explore the entire EIT Community.

The event was highly successful, with over **1 396 participants** joining in-person and online, while the live stream recording received **over 44 000 views**.

EIT Alumni Community

Increasing and improving EIT Alumni community visibility and recognition through a strong stakeholder engagement activity propelled the EIT Alumni brand in 2022. **Engaging with leading European stakeholders** and **deepening relations with existing partners** strengthened its position in the European Innovation landscape in 2022. The impactful **flagship event, EIT Alumni CONNECT,** unfolded in 2022 with unprecedented proportions engaging a record number over 550 participants. Currently, the EIT Alumni community includes seven EIT KIC Alumni Networks with the EIT Urban Mobility Alumni Association, which joining in 2022.

EIT Regional Innovation Scheme

In 2022 the EIT further advanced implementation of its **EIT Regional Innovation Scheme agenda**. In December 2022, the EIT published a paper outlining success stories from the EIT RIS geographical area. The paper provides information on 15 highly successful ventures from across the EIT RIS geographical area that are seeing considerable and rapidly increasing success thanks to EIT Community support. A factsheet on each of these successful ventures – led by exceptionally talented men and women – is provided. Every factsheet includes several quick facts on the venture, information on its activities and success, and how the EIT Community concretely contributed to that success.

Girls Go Circular education programme to expand across Europe

Commissioner Gabriel announced the expansion of the EIT Girls Go Circular programme at the 2022 Women and Girls in STEM Forum (WGSF). The Girls Go Circular programme is focused on eliminating gender bias in STEM across Europe and increasing the amount of woman in STEM fields. Since its establishment in 2020, **over 26 000 young girls (14-19 years old)** have already benefitted from mentorship in digital and entrepreneurial skills in over 13 countries**.** The expansion will commence in 2023 and make the programme accessible in all 27 EU Member States, including some Horizon Europe Associated Countries such as Ukraine, with the aim to skill at least 40 000 young girls in secondary education by 2024. In addition, the Girls Go Circular programme will also start to bridge links with the newly launched EIT Deep Tech Talent Initiative by building new curriculum focused on deep tech and innovation.

New European Bauhaus

Supporting the New European Bauhaus mission of integrating innovation, creativity and design to improve citizens' quality of life while respecting our planet, the European Institute of Innovation and Technology (EIT) has been mobilising its pan-European ecosystem to spur innovation through the EIT Community New European Bauhaus initiative.

18 Citizen Engagement projects from 14 countries have been selected from two programmes launched by the EIT Community: New European Bauhaus Co-creation of Public Spaces aimed at resolving challenges and redesigning public spaces in cities, semi-urban and rural area and New European Bauhaus Citizen Engagement Programme aimed at identifying and co-creating community solutions with citizens.

ADVITOS

ADVITOS, an EIT Digital Accelerator supported company, has **raised €20 million funding** for its innovative multi-organ failure therapy solution. The financing round was led by Crédit Mutuel Equity, with a co-investment from the EIC Fund. In the EIT Women Leadership Award 2022, Catherine Schreiber, CEO and co-founder of ADVITOS, won first place for developing a 4-in-1 organ support therapy for critically-ill patients.

Northvolt: the first EIT supported unicorn

Northvolt's raise in equity in June 2021 was a key milestone in Europe's industrial ramp up to achieve the European Green Deal objectives. Responding to the need to increase annual battery production to meet growing demand for electrification, new capital from existing shareholders including EIT InnoEnergy, and new shareholders Sweden's AP 1-4 pension funds and Canada's OMERS, brought the total financing, in both equity and debt, raised by Northvolt to USD 6.5 billion. Northvolt became the first EIT supported Unicorn.

List of acronyms

CA	Contract Agent
CAAR	Consolidated Annual Activity Report
CCSI	Cultural and Creative Sectors and Industries
CEPOL	European Union Agency for Law Enforcement Training
CFS	Certificate on Financial Statements
CLC	Co-Location Centre
DEAP	Digital Education Action Plan
EC	European Commission
EFTA	European Free Trade Association
EIC	European Innovation Council
EIT	European Institute of Innovation and Technology
EIT RIS	EIT Regional Innovation Scheme
ERC	European Research Council
ESIF	European Structural and Investment Funds
EU	European Union
EUAN	European Union Agency Network
EXCO	Executive Committee
FS	Financial Sustainability
GA	Grant Agreement
GB	Governing Board
HE	Horizon Europe
HR	Human Resources
IAC	Internal Audit Capability
ICC	Internal Control Coordinator
ICT	Information and Communications Technology
JRC	European Commission's Joint Research Centre
KAVA	KIC Added Value Activities
KIC LE	KIC Legal Entity
KIC(s)	Knowledge and Innovation Communitie(s)
KPIs	Key Performance Indicators
LE	Legal Entity
MGA	Model Grant Agreement
MOOCs	Massive Open Online Courses
PA	Partnership Agreement
SGA	Specific Grant Agreement
SA	KIC Strategic Agenda
SIA	EIT Strategic Innovation Agenda
SME	Small and Medium-sized Enterprise
SNE	Seconded National Expert
SPD	Single Programming Document
SUGA	Start-Up Grant Agreement
TA	Temporary Agent
WP	Work Programme

PART I – ACHIEVEMENTS OF 2022

1.1 Operational activities: KIC impact

Complete the EIT's transition to Horizon Europe

In 2022 EIT achieved the key milestones as regards its transition to Horizon Europe (HE). Following the completion of the legal integration in 2021, important steps were made to integrate EIT and its KICs to the HE operational framework too. The Invitation to submit proposals for Knowledge and Innovation Communities (KICs) Business Plans 2023-2025 (2023-2024 in case of first wave KICs), for the cross-KIC activities 2023-2025, and for the Higher Education Institutions (HEI) initiative 2023-2025 was launched in April and in December the EIT Governing Board by its decision decided on the initial allocation of the financial contribution to the KICs' Business Plans for 2023-25 (BP 2023-204 for the first wave KICs), to cross-KIC activities 2023-2025 and HEI 2023.

Moreover, the EIT started to use of the Commission's grant management IT systems (eGrants suite). Additionally, the EIT's new operational and financial model was implemented by translating the relevant set of requirements for grants to be implemented as from 2023. As regards the data model and reporting, 2022 was essential in preparing KICs for the use of the EC CORDA tools to be able to provide reporting data as from 2023. The Invitation to submit proposals for Knowledge and Innovation Communities (KICs) Business Plans 2023-2025 (2023-2024 in case of first wave KICs), for the cross-KIC activities 2023-2025, and for the Higher Education Institutions (HEI) initiative 2023-2025 was launched in April and in December the EIT Governing Board by its decision decided on the initial allocation of the financial contribution to the KICs' Business Plans for 2023-25 (BP 2023-204 for the first wave KICs), to cross-KIC activities 2023-2025 and HEI 2023. Annotated Grant Agreement – AGA - (EIT part) was not adopted and issued to KICs in 2022.

Actions	Indicator	Target	Achievements/results
#1 Launch of call for multiannual grants (2023- 2025) in eGrants, based on new model	Grant allocation methodology approved, and call invitation launched in e-Grants, including BPs, cross-KIC and HEI which will be identified as separate topics under the same call	EIT GB approval of the grant allocation methodology One call package 2023-2025 grants with several topics (KIC Business Plans, cross-KIC clusters, HEI scheme) formally launched on 28 April 2022	GB Decision on the 2023- 2025 Funding Allocation Criteria[1], introducing the new multiannual and implementation model was adopted. Call documents, guidelines and templates in eGrants were developed according to the new implementation model and timely published on 28 April 2022.

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[1] Decision 11/2022 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the principles for the determination of the EIT financial allocation to the Knowledge and Innovation Communities' (KICs') Business Plans for 2023-2025 (Business Plans 2023-2024 for The First Wave KICs), to Cross-KIC Activities and Shared Services for 2023-2025,and to the Higher Education (HEI) Initiative 2023

#2 Adoption of revised framework for the operational and funding model (multiannual grant allocation process, grant agreement templates cascading, partner management, internal methodologies, etc.)	Funding and operational model finalised compliant with EU FR and HE rules (portfolio management, cascading)	Revised MGA Annex 5 consulted with and adopted by EAC, RTD and HE MS Expert Group Deadline: Q1 2022	MGA Annex 5 was adopted on 15 April 2022 for publication for the call for BP 2023-25.
		AGA (EIT part) is drafted and approved by EAC, RTD Deadline: Q1 2022	AGA (EIT part) was not adopted and issued to KICs in 2022.
		Positive outcome of consultation of key elements of the call for grants at TFS and Forum with KICs in Q1 2022	Information session was provided to EIT KICs in July 2022. Predominantly positive feedback was received from KICs at the Forum and TFS meetings.
#3 Grant allocation and BP assessment 2023-2025	Grant allocation process completed in line with the GB Supervision Framework of KICs, including GB rapporteur review, Dashboard, Challenges and BPs 2023-2025 assessment decided.	EIT internal FA 2023-2025 methodology adopted by Q2 2022	FA 2023-2025 methodology[2] was approved in August 2022.
		Rapporteur reports, dashboard and challenges document completed by Q3.	Multiannual assessment and grant allocation decision was adopted by the EIT Governing Board[3] in November, including strategic recommendations and conditions as required.
		All BP proposals assessed in Q4.	Rapporteur reports were approved and contributed to the 2023-2025 funding allocation process.
		GB decisions approved and published, preventive or corrective actions taken as necessary in Q4	The evaluation of the Business Plan proposals was carried out as planned in Q4 2022 and concluded in Q1 2023
			The EIT Governing Board in December 2022 by its decision (GB 35/2022) decided on the initial allocation of the financial contribution to the KICs' Business Plans for 2023-25 (BP 2023-204 for the first wave KICs), to cross-KIC

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[2] Ref.:Ares(2022)5601244
[3] GB decision 35/2022 on the initial allocation of the financial contribution to the KICs' Business Plans for 2023-25 (BP 2023-24 for the 1st wave KICs), to Cross-KIC activities 2023-25 and HEI 2023

			activities 2023-2025 and HEI 2023
#4 Common data model and related IT system for data collection in place serving the basis of a comprehensive business intelligence system integrated into Corda	KIC IT tools to provide all relevant information from based on the data model supporting grant management (eGrants), monitoring and BI (CORDA)	Data model approved by EIT management. Deadline: Q1 2022 Feasibility study for common KIC IT tool and detailed roadmap for development and roll-out. Deadline: Q1 Subject to outcome of feasibility study, going live with common KIC IT tool compliant with EIT and eGrants/CORDA Deadline: Q4 2022 Historical grant data integrated in CORDA by Q4 2022	Data model was approved and annexed to the Call package in April 2022. Common KIC IT tool development was initiated in 2022 and its development will be continued in 2023. Transmission of proposal data from KICs to CORDA Data Warehouse (DW) started in 2022. Integration of KICs historical grant data to CORDA was postponed to Q1 2023.
#5 Adoption of revised control strategy	KIC supervision and control strategy aligned with new legal framework and new KIC operational and funding model	Revised Grant Assurance strategy adopted by EIT Director in Q3 2022	Revised Grant Assurance Strategy delayed, signed in February 2023.

Ensure an effective and compliant finalisation of the 2021 – 2022 grant cycle implementing the HE, EIT Regulation and SIA provisions (Call, BP assessment, Grant Allocation, Reporting, Payments and Audits).

In 2022, all together four amendments of 2021-2022 Grant Agreements were signed for eight KICs. Relevant actions were completed in time. Duna grant modules (BP, GR, PIO) were adjusted as needed for supporting the two-year grant cycle. Additional prefinancing reports for 8 KICs were approved and the 2nd prefinancing was released. Smooth cooperation with and support of KICs by the EIT was ensured via four Forum meetings, seven TFS meetings, as well as several workshops and FAQs.

Actions	Indicator [KPI]	Target	Achievements/results
#1 Finalisation of 2022 grant allocation and BP 2021-2022 assessment	2021-22 Grant Agreement amendments signed for 8 KICs, including clarification on third country eligibility	All GA amendments signed in Q1 2022	EIT BP/amendments, evaluation reports, award decisions were approved, and GA contracts / amendments were signed according to the planned timeline.
#2 Ex-post audit 2020	Timeliness and quality of the EIT review of the draft ex-post audit reports SOP on ex-post audit and CFS audit updated in line with the new horizontal model	Final ex-post audit reports delivered by the audit company in Q1 2022 SOP on ex-post audit and CFS audit updated by Q4 2022	Final ex-post audit reports were delivered in Q1 2022. 2020 error rate 0.66% determined by ECA. SOP not finalised in 2022 (new target date: Q2 2023).
#3 Verification of additional pre-financing report and ex-ante verification of interim reports covering 2021 implementation	Efficient and timely issuing of second pre-financing and of the interim payment based on reports.	2nd prefinancing paid to 8 KICs in Q1 2022 Interim payment is paid to 8 KICs by Q3 HE compliant CFS reports are delivered by KIC Partners with 2021-22 Interim report.	Additional prefinancing reports for 8 KICs were approved. 2nd prefinancing was released to 8 KICs. Approved Interim Report for 8 KICs. Interim payment released to the 8 KICs. CFS reports were provided by contractors.
#4 BP 2021-22 amendment / decommitment	Flexibility and adjustment of KIC Business Plans 2021-2022 for optimal	All GA amendments signed and decommitments made by 31 December 2022	Amendments for 8 KICs were approved in time. Decommitments were followed by 31 December 2022.

Actions	Indicator [KPI]	Target	Achievements/results
	results and budget absorption		
#5 Partner entry/exits	Timely processing of all Partnership change requests	100% of partners' assessment carried out in PIO and ABAC within agreed deadlines. Min 95% of questions relevant for partnership management received from KICs are answered within 30 days. SOP on partnership entry/exit updated within the timeline (Q3-Q4 2022)	Annex 6 of Grant Agreement per KIC was delivered in time. PIO partner data for 2021- 2022 grants was updated, with some technical limitation in the last year of using the IT tool. Questions on TFS queries answered well in time. Registered ABAC partner data were timely registered. SOP on partnership entry/exit was not updated as it become obsolete in the context of the new implementation model.
#6 Implement EBA Academy under React-EU programme	Additional EIT results achieved through the effective implementation of Contribution Agreement concluded with DG Employment	Timely and adequate reporting to DG Employment on the implementation of the Contribution Agreement. Internal grant management methodology approved in Q1 including guidelines, templates, internal methodology, including potential IT system support. Assessment report, award and Grant Agreement signature Reports by the KIC are analysed and approved	Call for proposals for expression of interest for the EBA Academy grant was launched in January 2022. Proposal was evaluated, budgetary and legal commitment were made and a grant agreement between EIT and EIT InnoEnergy was concluded in April 2022. Internal Methodology on reporting and monitoring approved in February 2023. Progress reports from EIT InnoEnergy received, analysed, and approved.

Actions	Indicator [KPI]	Target	Achievements/results
#7 Expert management and support to all units in the EIT (EMI, Compass)	Effective support across the EIT through the recruitment and deployment of independent experts managed smoothly and in a timely manner.	Approx. 60 experts contracted in due time. 50% female experts target reached for experts in pool category "Evaluator" (56%), 50% female experts target was not reached in pool category "Monitor" (42%) in 2022. Effective support to the relevant projects confirmed by EIT staff. Expert policy is updated	Timely contracting, deployment and payment of experts in line with the EIT expert policy. Policy on Independent experts' selection was revised, updated, and approved by the EIT Director in June (EIT Director decision 13/22).
#8 Effective use of 2021-2022 Grant management IT tool	2021-2022 Grant management IT system effectively running. Efficient IT support to the KICs and the EIT	BP, GR and PIO modules up and running in 100% of time. All queries are timely addressed. Integration of 2014-2020 data from DUNA into CORDA	Duna grant modules (BP, GR, PIO) were adjusted and functioning for BP 2021-22 amendment and interim reporting 2021. Historical grant data availability in CORDA postponed to 2023.
#9 Simplification support, capacity building and service and helpdesk provision to KICs (TFS, WG, FAQs)	Smooth cooperation and KIC support by the EIT to support their operations and reductions in complexity on all sides.	Agreement with KICs on priority simplifications and substantial progress in implementation 4 TFS meetings per year in support of the EIT KIC Forum Forum/TFS actions implemented by timeline set. Minutes and action points and coordinated work of different EIT-KIC Working Groups/Panels.	All together 7 TFS meetings were organised in 2022. In addition, two workshops were held. 4 Forum meetings held. TFS/ Forum action points followed up. Many of the actions implemented within set deadlines, some needed extension. EIT Register of Working Groups continuously maintained and monitoring on agreed actions. A survey on TFS way of working was postponed to 2023

Actions	Indicator [KPI]	Target	Achievements/results
		Queries received from KICs are answered in a timely manner. Updated FAQ document continuously available to KICs	February due to other priorities. Q&A document on the 23-25 funding modality was continuously updated over 2022.

Effective monitoring and evaluation strategy and plan to maximise EIT KIC impact, ensuring that EIT KICs become financially sustainable.

In 2022, the EIT set up monitoring and evaluation system complemented with a supervision framework to enable the EIT Governing Board to monitor and steer the EIT and KIC activities in line with the EIT Regulation, allowing EIT KICs to meet and exceed the EIT KPI targets in the SIA and their Strategic Agenda.

The EIT Monitoring and Evaluation Strategy (2022-2027) was adopted by the EIT GB in March 2022. The document provides a strategic direction and framework for the EIT for its monitoring and evaluations of the KICs, including their progress towards financial sustainability, cost-efficiency and openness to new members for the period 2022 2027. It supports the EIT-KIC operational model, including the multi-annual grant cycle, and is aligned with the Horizon Europe legislation, the EIT Impact Framework and relevant EIT policies and principles. It serves as a reference for monitoring and evaluation activity plans to be implemented by the EIT with regard to the KICs and EIT-led initiatives in the period 2022 - 2027.

In 2022, the EIT monitoring transitioned to a more efficient operational model which shifts the EIT's control strategy towards the KICs internal processes. The following areas were monitored in line with the monitoring plan adopted for 2022: KICs processes regarding the selection of KAVAs; KICs portfolio management with go/no go decisions for underperforming KAVAs; KICs progress in addressing topics of strategic importance and recommendations issued by the EIT Governing Board; progress towards Financial Sustainability; KICs' adherence to the Good Governance Principles (including updated methodology aligned with revised good governance principles and self-reporting by KICs - monitoring to be continued in 2023); KICs' procurement policy review; KICs' HR policies follow-up; implementation of innovation principles; launched monitoring of the pilot Higher Education Institutions (HEI) Capacity Building Initiative activities (to be continued beyond 2022); monitoring of the implementation of existing EIT Label Programmes; KICs' control strategies (documents collected and analysed, monitoring concluded with a formal report in 2023). Based on the lessons learned from the implementation of the 2022 Monitoring Plan, a rolling multiannual Monitoring plan was developed covering 2023-2027.

In accordance with the legislative package, the EIT conducted in 2021-2022 a comprehensive assessment of the 2nd wave of KICs (EIT Health and EIT RawMaterials) with the help of independent external experts. The assessment covered the first seven years of the EIT KICs. The KICs were assessed against the monitoring and evaluation criteria for European Partnerships set out in the HE Regulation and Article 11 of the EIT Regulation. Both KICs were assessed positively on all the criteria. Following consultations with the MSRG and the European Commission, the EIT GB decided to extend the partnership agreements with EIT Health and for EIT RM for another period of 7 years. The GB also issued Strategic Recommendations for the two KICs on strategically important issues identified through the 7-year comprehensive assessment.

During the reported period methodologies for 3-year reviews and final reviews were developed in line with the EIT Regulation and EIT SIA and adopted by the EIT GB. The methodology for the 7-year assessment was updated based on the lessons learned from the 7-year assessment of the 2nd wave of KICs. Subsequently, following the EIT procurement policy, contracts were concluded with a winning consortium for conducting the 3-year review of the 4th wave of KICs, final review of 1st wave of KICs and 7-year assessment of the 3rd wave of KICs (on-going in 2023).

Actions	Indicator [KPI]	Target	Achievements/results
#1 Complete new Monitoring and Evaluation Strategy for improved strategic supervision and monitoring	EIT Monitoring and Evaluation Strategy in place, aligned with the EIT SIA/Regulation, HE monitoring and evaluation approach, EIT Impact Framework, and the new KIC operational model	The strategy is adopted by EIT GB in Q1 2022	EIT Monitoring and Evaluation Strategy adopted by GB decision 07/2022 on 22 March 2022.
#2 Complete GB decisions on 7-year review EIT Health and EIT Raw Materials	Comprehensive assessments of the 2nd wave of KICs conducted as per the GB-adopted methodology	Report on 7-year review finalised in Q1 2022 GB Decision on assessments' results and termination/finalisation of KIC Partnership Agreements taken by Q2 2022	Final reports of the comprehensive assessments of EIT Health and EIT RawMaterials were finalised in June 2022. GB decided in June on continuation Partnership Agreements with the 2nd wave KICs'[4].
#3 Effective KIC supervision	KICs achieve expected results and impact and accelerate progress towards financial sustainability.	Timely, complete and appropriate intelligence provided to EIT GB and management in order to implement the Supervision Framework Improved Dashboard and Challenges document Timely and high-quality portfolio level reports to EIT GB and management (financial	Dashboard was timely updated, and the strategic Challenges analysis finalised in November 2022 prior to GB Hearings, including information on impact / KPIs, financial sustainability, governance, etc. Rapporteur reports in line with Grant Allocation methodology were prepared and approved.

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[4] Decision 21/2022 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the Extension of the Partnership Agreements with EIT Health and EIT Raw materials

		sustainability, governance, impact, innovation principles) Supervision Framework of KICs applied. FS best practice manual completed by Q3 2022 Monitoring reports for FS progress and KIC funds completed based on principles	Reports/ briefings to management and EIT GB and effective actions were proposed. Strategic recommendations and conditions issued by the GB were effectively followed up in alignment with the supervision framework (reinforced monitoring of calls for proposals of EIT Manufacturing, monitoring of governance reform and good governance compliance of EIT Health, due diligence of EIT Climate-KIC's innovation and revenue potential and compliance with good governance principles). The FS Good Practice report including three good practices are expected to be published in 2023. Annual KIC funds monitoring reports for 2022 under preparation and expected to be completed in 2023.
#5 Monitoring plan development and coordination: strategic portfolio monitoring of KICs	Effective Monitoring plan 2022 and 2023 aligned with the new strategy adopted and implemented providing key intelligence.	Monitoring Plans 2022 and 2023 approved with 10 priority monitoring actions focussed on KIC project selection, financial sustainability and governance based on EIT GB supervision priorities, strategic recommendations and conditions. 100% of planned monitoring activities implemented and all reports submitted, monitoring reports provided to EIT GB, incl. rapporteurs	Monitoring plan 2022 adopted on 25 February 2022. Monitoring reports on majority of activities/ areas in accordance with Monitoring Plan 2022 Monitoring plan 2023-2027 adopted on 17 December 2022.

#6 Finalise, maintain and operationalise the EIT Impact and Supervision Frameworks for KICs	EIT Impact Framework and Supervision Framework in place and effectively steers KIC operations.	Finalise Supervision and Impact Frameworks and related methodologies in Q1.	EIT GB adopted in March 2022 the EIT KPIs (2022-2027)[5]. EIT Impact Framework was updated by the EIT Director decision in March 2022.
#7 Launch 3- year review of 4th wave KICs	EIT is prepared to carry out KIC 3-year interim reviews in line with EIT and HE legislation	3-year review methodology adopted by EIT GB Workshop with KICs to explain reviews. Contract prepared for the 3-year review to be completed in 2023	Methodologies of KIC 3- year interim review developed and adopted by the EIT GB in August[6]. Workshop with EIT Urban Mobility and EIT Manufacturing to discuss the plan and the methodology of the 3-year review was held in July 2022. Independent consortium to carry out the review was contracted in October 2022.
#8 Horizon 2020 ex post evaluation (Commission study)	The EIT's achievements in Horizon 2020 are fairly reflected in the Commission's ex post evaluation	Quality input provided as per the EC timescale	Data/analysis/comments were provided to DG RTD upon the request in Q3-Q4 2022.

Successfully launch of EIT Culture & Creativity with high expected impact and state of the art for the EIT model

In accordance with the EIT Strategic Innovation Agenda 2021-2027, the EIT published the EIT Call for Proposals in late 2021 with a submission deadline in March 2022. The EIT carried out extensive communication activities to raise awareness of the call and attract high quality proposals. As a result, five proposals were submitted. After the evaluation and hearings, on 22 June 2022, the proposal of the consortium 'Innovation for Creative Economy (ICE) was designated by the EIT Governing Board as a KIC. The winning team included 50 partners from 20 countries.

As a next step, the EIT published on 11 August 2022 a call on the Funding & Tenders Portal for the designated KIC consortium (EIT Culture & Creativity) to submit a proposal for its Start-up Plan. The call closed on 21 September 2022. The evaluation reached the finalization stage in 2022 and the grant agreement was signed in February 2023.

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[5] Decision 08/2022 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the amendment of the EIT key performance indicators (KPIs) and repealing decision 17/2021 of the Governing Board of the EIT
[6] Decision 28/2022 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the methodology of the three-year interim reviews of EIT KICs (2022-2027)

The Start-up Grant Agreement (SUGA) runs until the end of 2023. The SUGA will ensure that the KIC reaches legal and operational readiness, fosters the EIT identity and funds initial KIC activities to support its effective setup.

Actions	Indicator	Target	Achievements/ results
#1 Designation of EIT Culture & Creativity	Successful completion of the KIC Call in the area of cultural and creative sectors and industries, including high level of EIT visibility.	Designation of new KIC by Q2 2022 Two EIT GB meetings and decisions prepared (expert assessment and hearing) Communication material prepared and launched in time with wide reach	Evaluation of the proposals was timely concluded. GB designed EIT Culture & Creativity KIC on 22 June 2022 (Decision 18/2022 of the GB of EIT). Impactful communications package including press release, factsheets, social media posts and video prepared for distribution by EIT, European Commission and partners of the new KIC were prepared.
#2 Start-up phase EIT Culture & Creativity	Start-up phase and SUGA effectively designed, integrating Lessons Learnt	Lessons learned from the start-up phase of the fourth wave KICs collected and documented, concept note approved by EIT management in Q1. Launch seminar with the winning consortium prepared to pass best practices and lessons learnt from current KICs in Q3 Start-up call package prepared and launched in e-Grants. EIT assessment of the Start-up Plan and award decision made	Concept for start-up phase approved. Call for proposals package for Start-up plan for CCSI published in EC Funding and Tenders portal on 11 August 2022. Assessment report was issued (22 November 2022). Start-up Grant Agreement signed following the submission of the revised proposal (24 February 2023).

1.2 Operational activities: EIT impact

Deliver impactful education objectives.

The HEI Initiative's pilot phase has been designated as the first three years (2021-2024) as per the EIT SIA 2021-2027. At the end of 2023, the EIT Governing Board shall determine if the HEI Initiative is to be continued for the remainder of Horizon Europe (2024-2027). The evaluation process is expected to be completed by end of August – early September 2023 (in time for the GB to decide in November 23). In 2022, the EIT, together with the KICs, completed a selection of the new projects (Call 2) and in autumn had rolled out third call for proposals (with thematic focus on link to the new Deep Tech Talent Initiative). The call was launched on 8 November 2022 . Call 3 is expected to fund up to 16 selected proposals, at EUR 750 000 per project (with a funding period of 15 months, from May 2023 to July 2024).

A total of 14 Ukrainian HEIs (13 new ones along with one that was already part of the original consortium of a C2 project) were onboarded in 2022. All of them are expected to continue work with their respective projects in 2023. Under the HEI BP 2023-2025, there is a budget for up to 30 Ukrainian institutions (continuing support for the 14 institutions from 2022 and the addition of 16).

In 2022, the EIT achieved progress in implementing the new model of the EIT Label. In line with the actions and tasks laid down in the EIT Label Revision Action Plan, the EIT carried out the following main actions:

- Implementing the new enhanced and improved model of the EIT Label Framework in degree education (and converting old existing Label programmes into the new model).
- Introducing the new EIT Competence Certification model to non-degree education programmes (professional, executive education, etc.) and the new EIT Fellowship emphasising the individual learner-centric approach.
- Launching the first model of shared services (EIT Campus) to further support the EIT Label model and EIT education towards internal and external stakeholders.

In 2022 the EIT continued the implementation of cross-KIC cooperation on both thematic and horizontal topics in various projects. In 2022, the main achievement of the Girls Go Circular programme was the development of five new learning modules, and training 14 149 girls. The programme was further extended to Lithuania and Slovenia. Ukraine was also included in the programme.

In 2022, the second edition of the Women and Girls in STEM Forum took place. It gathered over 900 policy makers, researchers, industry leaders, secondary school students, and teachers who discussed gender equality in STEM and ICT disciplines. 163 girls from 36 schools in 10 countries participated in the App Idea Challenge as part of the Forum's activities.

Actions	Indicator	Target	Achievements/ results
#1 Implement EIT label revision	Timely and effective implementation of the EIT Label Revision Action plan to increase impact and sustainability of EIT	2022 Actions of Label Revision Action Plan implemented.	EIT adopted new two new EIT Label Handbooks in 2022: for non-degree education and EIT Fellowships.

			New online submission form was created. Set of new education KPIs was introduced in the new EIT Impact Framework. In 2022, the preparations for the EIT Campus launch were advanced (announced on 10 January 2023).
#2 Development and monitoring & evaluation of implementation of the HEI Initiative: Innovation Capacity Building for Higher Education	HEI pilot initiative is effectively and efficiently implemented.	Initiative pilot phase (2021-2023) evaluation methodology adopted by Q4 2022 Effective HEI governance in place Monitoring reports on the first two pilot calls	Initiative Pilot phase (2021-2023) evaluation process was developed. The EIT HEI Initiative Governance Framework was adopted in Q4 2022. Expert report was received by end 2022.
#3 Complete annual evaluation of new EIT Label applications and implement continuous monitoring.	EIT label programmes are assessed in a timely and quality manner	Application round open and ready for programmes to be submitted for the EIT Label Monitoring report on implementation of existing programme	In 2022 two rounds of EIT Label assessment were conducted, leading to adopting awarding Label to 18 Masters programmes, 5 KICs non-degree education models and 2 new EIT Fellowships schemes (EIT Decision n. 03/2022, n. 17/2023, and n. 18/2023). All existing EIT Label programmes due for relabelling in 2022 were evaluated against performance criteria.

Increasing the regional impact of EIT Community

The objective of the EIT RIS is to contribute towards boosting the ability to innovate of countries and their regions in Europe that belong to the groups of so-called 'modest / emerging and moderate' innovators (according to the European Innovation Scoreboard[7]), as well as, the EU Outermost Regions.

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[7] http://ec.europa.eu/growth/industry/innovation/facts-figures/scoreboards_en

In 2022, the EIT RIS further integrated in the KICs' multi-annual strategies to involve more partners, and support more projects, coming from the EIT RIS eligible countries. The EIT closely monitored the implementation of the enhanced RIS strategy by the KICs as well as the EIT RIS Implementation Framework (2022-2027), with support from an EIT RIS Expert Group which was established in 2022. Results, lessons learned, and good practices are shared with relevant European Commission services, the European Parliament and with Member States through existing fora. The EIT carried out targeted EIT RIS communication activities such as EIT-KIC events held in EIT RIS eligible countries and territories, EIT RIS information sessions jointly with other EU bodies, programmes, instruments and initiatives. A common approach of the EIT RIS among KICs, including the establishing and implementing common principles and minimum standards for EIT RIS Hubs, was adopted in 2022, with the aim of increasing the impact of the Scheme. Furthermore, synergies with other funding instruments are sought after, notably ESIF and IPA III, and alignment and complementarity with the Smart Specialisation Strategies, as well as explore synergies and complementarities with relevant EU and non-EU bodies, programmes, instruments and initiatives, including, where deemed of added value, conclude Memoranda of Understanding.

Actions	Indicator	Target	Achievements/ results
#1 Implement the RIS Implementation Framework	Application of the new RIS implementation framework improving the results and coordination of EIT RIS actions	EIT has put in place an effective supervision and coordination mechanism and principles for EIT RIS hubs, including the increase of consolidated EIT Community Hubs Monitoring report on the new implementation framework EIT RIS Expert Group is operational	EIT RIS Hubs Minimum Standards and Guiding Principles adopted and published in September 2022, and initial implementation undertaken. EIT RIS Expert Group, composed of 2 independent experts, established.
#2 Increased capacity building and EIT participation in MS eligible under RIS via MoU mechanism.	Increased awareness, synergies and participation by target countries stakeholders in EIT Community activities	At least 4 Action plans under MoUs implemented. Satisfaction of the target countries' national authorities with the support offered by the EIT under the MoUs	4 Reports on the implementation of the MoUs (with Bulgaria, Lithuania, Latvia and Hungary) in 2021 based on surveys with targeted national authorities drawn up. 4 Action plans implementing the MoUs drawn up.
#3 EIT implements EU Recovery Funds	ESIF, EU Recovery Fund and IPA funding	Commitments from EC services to contribute	Letter of Intent with Serbia signed in August 2022.

programmes, ESIF and IPA III	allocated to the EIT to achieve additional results and impact.	to the EIT via Contribution Agreements or similar to achieve additional results.	
#4 Information Service Contract implementation	Raise awareness and increase recognition of the EIT, the KICs and their activities in the 7 targeted EIT RIS eligible countries (BG, EE, HR, HU, LT, LV, MT)	Regular information overviews provided to EIT NCPs, and other key local stakeholders provided in the 7 targeted countries. Finalise implementation of the RIS information service contract.	24 Bi-weekly country reports (in EN and local language). 12 Monthly Progress Briefs (in EN). Final Report.

Effectively disseminate results produced by EIT Community

The EIT has a key role in facilitating the dissemination of results and good practices. To this end, during 2022 the EIT further developed its role as an institute able to identify, codify and share good practices from its activities in a structured and coherent way. In this context, the EIT started providing guidance and assistance on dissemination related aspects and began the process to disseminate EIT Community results through the established European Commission dissemination tools. Following technical discussions, a test case was carried out in cooperation with DG RTD in 2022 to 'onboard' EIT Climate-KIC to the Horizon Result Platform and work with one of their beneficiaries to upload a 'result' on the Horizon Results Platform. Exchanges with KICs on dissemination topics were facilitated in the framework of regular EIT Community working group meetings throughout 2022. An important addition to the EIT's dissemination efforts was launched in February 2022, namely the EIT Knowledge Centre. This online repository comprises a collection of policy reports and documents presenting good practices and learnings produced by the EIT Community and by now 150 documents have been uploaded. Based on the SPD targets, the EIT identified three topics for dissemination reports in 2022: financial sustainability, business creation and entrepreneurial education with work on these three reports started with external experts in Q3 2022.

Actions	Indicator [KPI]	Target	Achievements/ results
#1 Effective system for EIT Community incl. KICs to disseminate results	Increased dissemination of results by EIT and KICs Community and uptake of the disseminated results	EIT disseminates policy relevant results through online Knowledge Centre EIT disseminates report on application of Financial Sustainability principles and	EIT Knowledge Centre launched and regularly updated. Approximately 150 documents uploaded by end of 2022. Work on three EIT dissemination reports with external experts advanced

		Entrepreneurial Education activities	(financial sustainability, business creation and entrepreneurial education) with publication in Q2 2023.

Successfully sustain first wave KICs and transition to post 15 year.

In line with the EIT Regulation and the EIT SIA 2021-2027, an in-depth study of the 1st wave of KICs was launched that included an assessment of the KIC's efforts to achieve financial sustainability, revenues generated and KIC's financial outlook. In addition, the assessment aimed to identify any activities, the continuation of which might be at risk due to a lack of resources.

The study intend to serve as a basis for the EIT to "establish, in close cooperation with the European Commission, the overall framework for its relations with the KICs" (as per section 3.6.4 of the EIT Strategic Innovation Agenda) and for the EIT Governing Board to establish "the duration, content and structure of the memorandum of cooperation". The study is also to be used as input for the ongoing final review of the first wave of KICs, for the purpose of deciding on the conclusion of Memoranda of Cooperation with the first-wave KICs in 2024.

The in-depth study was focused on the following areas:
- Progress towards financial sustainability,
- Financial outlook,
- Activities/areas at risk due to lack of financial resources,
- Ecosystem, corporate structure, and management costs,
- Possible adjustments to improve the KICs' financial outlook in the short term.

The study began with a preliminary review and analysis of the documents provided by the EIT. Gaps identified during the preliminary review were addressed through a semi-structured questionnaire and request for additional documents from the KICs. In the next step of the study, interviews with the top management of all three KICs were held to complete the assessment based on the KICs' specific knowledge of the relevant subject and to reflect the KICs' needs. The study will be concluded in 2023 and its outcomes will contribute to the continuing dialogue of the EIT with the 1st wave of KICs and DG EAC with a purpose to establish a strategic framework for post 15-year cooperation that started in 2022.

In parallel to the in-depth study a final review of the 1st wave of KICs was launched in line with the EIT Regulation, Article 11. It will be completed in 2023 and would include a comprehensive analysis on what the KICs have achieved over the period of 2016 – 2022 (and partially in 2023), compared to what was promised in their proposals, Strategic Agendas, Business Plans, grant reports and market/public benchmarks/references. 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.

Actions	Indicator	Target	Achievements/ results
#1 Year 15 review and independent study	Prepare for 15-year review and independent study in	Methodology adopted by EIT GB by Q4 2022	Methodologies of KIC final review and independent

	line with the EIT legislation	Preparation for the final review and the in-depth independent study, including related procurement, completed by Q4 2022	study adopted/approved by the EIT GB.[8] Terms of reference and procurement procedures were launched for the final review and the independent consultants. Contract for final review and in-depth study concluded.
#2 Set up a strategic cooperation framework with KICs	Inform and consult first wave KICs on the envisaged cooperation framework post 15-years.	Workshop with first wave KICs in Q1 2022 to on issues that should be included in the cooperation framework.	The dialogue with the first wave of KICs was initiated including a workshop in March to discuss the strategic cooperation framework and MoC for the post-15 period.
#3 Memorandum of Cooperation (MoC)	Concept for the Memorandum of Cooperation prepared and consulted with EC.	Concept and draft text of the MoC.	The MoC is to be developed once the in-depth study is finalised in 2023.

Enhancing impact of the EIT Ecosystem

The EIT Awards Finals are instrumental to demonstrate the EIT Community's achievements to stakeholders as well as citizens and to reach out to potential investors and business partners. The 2022 edition was organised in October as a key element of the EIT Summit in Brussels. The implementation of the 2022 EIT Awards included a bespoke promotional campaign, the preparation of nominees for the pitching sessions, the set-up of a high-level jury for each Award category, the organisation of the Award Ceremony and the implementation of a monetary prize for the winners and runners-up of the CHANGE, Innovators, Venture and Women Leadership categories.

Actions	Indicator	Target	Achievements/ results
Organisation of the 2022 EIT Awards process	Timely and high innovation potential winners of the 2022 EIT Awards	2022 winners of all five categories awarded in 2022.	Five 2022 EIT Awards winners selected and announced during the EIT Summit in October 2022.

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[8] Decision 27/2022 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the Methodology for the Final Review of first wave Knowledge and Innovation Communities (KICs)

Preparation of the 2024 EIT Awards	Timely launch of the preparation for the 2024 EIT Awards competition based on lessons learns	Lessons learnt completed and options for 2024 EIT Awards competition developed by Q4 2022.	Lessons learnt to be completed in 2023. Options for 2024 EIT Awards competition were developed.

EIT – Community Innovation Agenda

The EIT – KIC Innovation Agenda Panel is a key element of the EIT Strategic Innovation Agenda 2021-2027 for fostering a structured dialogue between the EIT and the EIT Knowledge and Innovation Communities (KICs). The Panel has served as a forum for the sharing of relevant information and knowledge. In 2022, 6 meetings focused on exchange of information, transfer of knowledge, and establishing synergies. Colleagues from the European Commission and other EU institutions joined the meetings (DG EAC, EUIPO, EPO). Through the panel, the KICs contributed to the consultation processes of several initiatives (for example feedback to the EC on "test beds" for innovation experiment environments, contribution to DG RTD's guidance document on "use-cases" and "test beds" for involvement of beneficiaries, and inputs of the EIT Community to the EC's open consultation on H2020 and Horizon Europe to identify areas of improvement). The Thematic Innovation cross-KIC call was also discussed and disseminated. The acting Innovation Officers ensured that the outcomes of these projects, workshops, and calls were properly disseminated by the EIT to relevant stakeholders.

The EIT KICs Business Creation (BC) Panel is a key instrument for driving the EIT Business Creation Agenda effectively. It fosters a structured dialogue between the EIT and its KICs. The Panel supports community cooperation on the BC agenda and effective access to finance through cross-KIC cluster supervision. EC representatives regularly join the meetings. The Panel agenda covers a wide spectrum of topics from entrepreneurship, business creation, access to finance and Financial Sustainability, to EIT KIC activities related to investors and investments, synergies with the EIF, EIC and EIB, and the monitoring of KIC Funds Initiatives. The Panel particularly advanced on EIT - EIC-EISMEA collaboration. In 2022, the main outputs included a Good Practice report, and an updated start-up database to track supported ventures across the EIT Community. Drawing upon the EU Gender Equality Strategy 2020-2025 and the EIT Strategic Innovation Agenda 2021-2027, the revised EIT Gender Equality Policy and Action Plan was approved in 2022. It aims to scale up the EIT's contribution to the promotion of gender equality and women's participation in the innovation and entrepreneurship activities implemented through the EIT Community.

The empowerment of women entrepreneurs is an EIT Community objective. Each of the EIT's Knowledge and Innovation Communities are committed to increasing the number of women in the entrepreneurship and innovation ecosystems through dedicated projects. To complement and expand these efforts, a dedicated women entrepreneurship cross-KIC project "Supernovas" was launched in 2022. Supernovas proposes a transversal approach to enhancing the presence of women in key roles of the entrepreneurship and innovation ecosystem in Europe, not only as nascent entrepreneurs but also in other key decision-making roles shaping future entrepreneurship and innovation.

EIT Alumni has made a significant leap towards becoming a more engaging and impact-oriented community. The community continued to strengthen knowledge sharing processes between KICs alumni communities including by providing opportunities and encouraging more cross-sectoral alumni collaboration. EIT Alumni has increased the number of start-ups engaged in the Alumni network by fostering cross-KIC synergies through KIC-led events

focused on collaboration. EIT Alumni has reinforced the connection of its members to the 'EIT Community' through various initiatives, such as communication activities, CONNECT 2022, and a challenge-based cross-KIC hackathon. EIT Alumni, through engaging with leading European stakeholders (i.e., EIC, EUIPO, EPO, MCAA), propelled the EIT Alumni brand in 2022 and enhanced the visibility and impact of the community.

Cross-KIC cooperation further progressed. The EIT Community focuses on priority areas where cooperation between KICs can multiply EIT impact and results, allow for thematic or administrative cooperation, and respond to EU policy priorities. Cross-KIC activities on a cluster level contribute to the EIT core KPIs or provide efficiency gains through the joint KIC activities. Six cross-KIC clusters (Access to Finance, Global Outreach, Shared Services, Strategic Synergies, Strategic Education, and Strategic Regional Innovations) were running their activities successfully. Additionally, the Call for cross-KIC activities for the 2023-2025 was launched in 2022 and resulted in the successful EIT GB funding allocation for the 2023-2025 period to six clusters and on thematic innovation cross-KIC activity.

The objective of the EIT Global Outreach agenda in 2022 was to strengthen the standing of the EIT among the global innovation community through a structured dialogue with third countries and international organisations. Under the supervision of the EIT Governing Board and in close coordination with the European Commission through the EIT Governing Board Global Outreach Advisory Group, the EIT provided guidance and monitored its Knowledge and Innovation Communities to ensure that the EIT Community activities in the US and Israel contributed to the EIT's objectives. This included raising awareness about the EIT Community and facilitating synergies with organisations from these countries, while ensuring a stronger EIT Community and European footprint. In December 2022 the EIT Governing board adopted the revised EIT Global Outreach Strategic Framework[9], aligned with European Commission International R&I priorities.

The EIT continuously promotes and facilitates synergies with EC Policy DGs and other EU programmes and bodies (notably but not exclusively Horizon Europe missions, DGs RTD, EAC, GROW, EASME, the European Structural and Investment Funds, the Joint Research Centre, Erasmus, Digital Europe Programme, InvestEU, Creative Europe, COSME, EUIPO, COST, and the Copernicus Programme) for the integration of the Knowledge Triangle.

Actions	Indicator	Target	Achievements/ results
#1 Strategic cross-KIC activities	Additional results in strategic and thematic priority areas for the EIT and EU through cross-KIC cooperation	Strategic programming, supervision and monitoring of cross-KIC cooperation clusters Preparation and launch of the 2023 cross-KIC call focussing on priority areas. EIT incentivises effectively expansion of shared services across the EIT community.	Quarterly internal monitoring reports. Call launched in April 2022 for cross-KIC activities and Thematic Innovations. Following the evaluation, the cross-KIC portfolio established for 2023-2025 with associated EIT GB Funding Decision, including a cross-KIC cluster on Shared Services.

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[9] EIT GB 38/2022, https://eit.europa.eu/sites/default/files/2022-38_20221214_gbwp_strategic_framework_for_global_outreach_activities-min.pdf

#2 Additional ecosystem impact from the innovation agenda	EIT community results on innovation beyond individual projects facilitated by EIT.	Assessment on compliance with the innovation principles concluded and KICs informed by Q2 2022 (as part of the monitoring activities) 6-8 Innovation Panel meetings	The annual assessment of the KIC's adherence to the Principles for Innovation Projects financed by the EIT was finalised Q3 2022. The Annual Innovation Panel priorities for 2022 were implemented as planned.
#3 Horizon Europe pillar III synergies, EIC-EIT complementarity and synergies with EU programmes	Facilitation of an increased level of complementarity and synergy actions between EIT and EIC/EIE and other EU programmes in line with MoUs and other cooperation tools, supporting joint initiatives and avoidance of duplications	Annual programming workshop with EIC / EIE counterparts on different areas of collaboration as per EIT-EIC Memorandum of Cooperation EIT-EIC Board level working group supported. Minimum 3 concrete EIC synergies at EIT level established, e.g., Women entrepreneurship award, joint communication materials and common venture beneficiary database, joint events. Synergies and joint initiatives with other relevant EU programmes	Workshops held with EIC-EISMEA-EIE in May and June 2022 and the meeting outcomes were effectively disseminated within the EIT Community. EIC-EIT Joint Working Group composed of the members of the EIC Board and the EIT Governing Board met three times in 2022 (in March, June and November). 4 synergy activities were implemented in 2022 with EIC (Women Entrepreneurship Leadership agenda, Business Acceleration Services activity, EIT Alumni collaboration, communication activities) in the context of the collaboration areas identified in the EIT-EIC MOU signed in Jan 2021.
#4 Implementation of the MoU with EUIPO & Develop concrete synergies with EPO & DG GROW/IP	IP capacities of KICs enhanced through successful implementation of the EIT – EUIPO and EIT -EPO cooperation.	Timely implementation of the AWP with EUIPO MoU between EPO and EIT in place Beneficiaries from minimum 3 EIT programmes or KICs activities benefiting from the collaboration (including Jumpstarter, HEI, Girls Go Circular)	Action Plan with EUIPO was prepared and approved by the EIT. MoU with EPO was signed on 28 April 2022 and the Action Plan with EPO was approved by the EIT Director in May 2022. 37 joint activities with EUIPO were implemented including 5 trainings with 2100+ participants.

		Minimum 300 persons from KICs and KICs projects trained by EUIPO and EPO	
#5 EIT community business creation agenda	EIT community cooperation on BC agenda and effective access to finance cross-KIC cluster supervision.	Bimonthly EIT KICs BC panel meetings. Good practice report on BC. Database to track supported start-ups & venture across EIT community.	Minutes of bi-monthly EIT KICs BC panel meetings produced and shared within EIT and KICs. Good practice report to be published in 2023 on EIT website. Updated Start-up database on quarterly basis and work done with EIC on common beneficiaries (startups, scaleups).
#6 EIT community ecosystem mapping and coordination with KICs	EIT has increased openness and transparency through a comprehensive and maintained system that shows its ecosystem and services provided by KICs and their hubs	Easily navigable online map of the EIT community ecosystem created and maintained, including all hubs and scope of services and opportunities offered.	Digital ecosystem map launched - https://eit.europa.eu/eit-ecosystem-map The map has been launched with user friendly navigation and is regularly updated.
#7 Develop the EIT Alumni community	EIT Alumni community multiplies EIT impact and visibility.	The Alumni Annual Work Programme 2022 implemented. Annual Work Programme 2023 approved. EIT attends and supports EIT Alumni Board EIT provides support via the Alumni secretariat contract	EIT Alumni Annual Activity Report 2021 delivered and Annual Work Programme 2022 implemented with report due in 2023. Draft EIT Alumni Annual Work Programme 2023 developed EIT representative effectively participated in the Board meetings as Observer. Reports from external contractor were provided. Additional strategic and logistical support was provided by the EIT to the EIT Alumni for the organisation of CONNECT (approx. 200 participants onsite) and for

			other activities, such as their Impact Report.
#8 EIT Global Outreach	Effective EIT Global Outreach in alignment with EU priorities	New Global Outreach Strategic Framework developed by Q4 in line with principles agreed in 2021. Portfolio of EIT KIC global outreach activities is fully aligned with the new Strategic Framework	Revised EIT Global Outreach Strategic Framework adopted by EIT GB in December 2022[10]. The 2022 Global Outreach activities of KICs implemented and 2023 activities aligned with revised EIT Global Outreach Strategic Framework.
#9 EIT to enhance Women Entrepreneurship	EIT effectively supports gender equality and women entrepreneurship within the EIT community.	EIT updates its Gender Policy and Action plan, covering 2022 / 2024. EIT reports on implementation of gender equality action plan 2020-2021. via cross-KIC dedicated activities, including mentorship; coaching; investment opportunities and network. At least 10 % increase in nr. of women in management position at EIT KICs At least 10 % increase in nr. of women in management position at EIT KICs implement gender action plans in line with their GE policies. KICs' activities are measured using gender aggregated HE indicators. EIT creates synergies with EIC on WLP and awards, including joint woman award in 2023	EIT Gender Equality Policy (2022-2027) and Action plan for 2022-2024 approved in December 2022 and published on the EIT website. EIT and KIC specific actions related to women entrepreneurship implemented Activities under Supernovas women entrepreneurship dedicated cross-KIC project (mainly Women2Invest activity within the WP) contributed to NEIA. KICs implemented gender action plans in line with their GE policies. A workshop dedicated to EIT Women entrepreneurship was organised in July 2022. The EIT Community mapped its dedicated programmes and identified possible synergies and future collaboration on the topic. Concept of EIT and EIC synergies in relation to WEL,

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[10] EIT GB 38/2022, https://eit.europa.eu/sites/default/files/2022-38_20221214_gbwp_strategic_framework_for_global_outreach_activities-min.pdf

			and in place for the Joint Prize for Women Innovators to be launched mid-2023, and to be awarded in Q1 2024.

1.3 EIT Governance and Corporate Communications

Effective EIT Governance and Management

In 2022, the EIT ensured the well-functioning of the EIT's governance structures (Governing Board and its advisory groups) and internal processes. The EIT's management team and the Director's Office oversaw the implementation of the Work Programme in 2022 and the budget, as adopted by the EIT Governing Board and in compliance with the regulatory framework. The EIT aimed to ensure adequate coordination of its operational activities, strategic policies and stakeholder engagement, and development of the overall EIT's strategic objectives as set in its Strategic Innovation Agenda 2021-2027.

In 2022 the EIT organisational setup was further adjusted. The new organisational structure of the EIT, was announced by the Director with effect on 01 July 2022. With this, the EIT achieved a major milestone with the organisational structure entering into force and being fully aligned with the new strategic objectives and priorities. The new functional EIT organisational structure was endorsed by the EIT Governing Board. The main objective of the restructuring process was to be better aligned with the 2021-2027 EIT SIA and EIT's Annual Work Plans and in particular to further increase operational effectiveness and efficiency of the organisation, further adjustment of the operational model to the revised multiannual and cascading funding model, and further support the EIT Governing Board in executing its monitoring and supervision functions.

The EIT also further advanced its simplification agenda aimed at reducing and simplifying the administrative procedures and outsourcing basic administrative tasks, allowing the organisation to focus on implementing impactful activities. This included for example further integration with the EC IT operational framework, completed transition towards multiannual funding of KICs or further simplification of internal operational procedures.

By means of the Governing Board Decision, the Internal Audit Capability (IAC) function at the EIT was abolished with date of effect 1 April 2022, after which, the IAC function was transformed into an additional capacity to monitor KICs. Currently the internal auditing function is performed by the Commission's internal auditor (Internal Audit Service), which tasks include assessing the suitability and effectiveness of internal management systems and the performance of units in implementing programmes and actions by reference to the risks associated with them and assessing the efficiency and effectiveness of the internal control and audit systems applicable to each operation for implementation of the budget of the EIT. Furthermore, the role of the Internal Control Coordinator was strengthened, and its tasks include coordinating internal control activities and reporting at the EIT, including implementation of the audit recommendations, coordinating audits (inputs) and liaising with external auditing bodies, and contributing to the financial and operational management in the area of responsibility, including procurements, implementation of contracts, payments and reporting.

Actions	Indicator	Target	Achievements/ results
#1 Effective and efficient conduct of EIT GB meetings, EIT management and EIT decision-making	Effective EIT Governing Board (GB) and Executive Committee meetings, Audit Committee meetings and management meetings Timely approval of GB Decisions by written procedure Effective EIT management	Effective and timely preparation and implementation of at least 4 regular GB meetings, 4 regular Executive Committee (ExCo) Meetings, 2 Audit Committee meetings GB Decisions adopted in line with the strategic, operational and administrative needs and deadlines. Effective mobilisation of GB Members in working groups Effective EIT management meetings and internal communications	The EIT Governing Board held five regular meetings (including the annual hearings with KICs) as planned, and timely adopted 38 decisions, which are published on the EIT website. Executive Committee met before each GB meeting and the annual hearing with KICs. Three meetings of the EIT Audit Committee (in March, June and October) were held. The EIT effectively mobilised operations of three GB Advisory Committees (EIT Audit Committee, EIT GB Global Outreach Advisory Group and EIC-EIT Joint Working Group). Weekly management meetings were held, and four general staff meetings were organised. The list of open priority actions was continuously maintained. Four activity reports were issued. The implementation of the AWP was monitored by management on a continuous basis. To support the process the quarterly review meetings were organised with the Heads of Unit.

#2 Effectively use EIT KIC Forum to resolve critical operational issues for the EIT KIC results and impact	The Forum tackles effectives strategic issues faced by the EIT community	Correct action points identified in Forum meetings and implemented in a timely manner. Positive feedback from Forum meetings/ CEOs	Four EIT KIC Forum meetings were held to discuss and resolve critical operational issues for the EIT KIC results and impact. Action points identified in Forum meetings were followed up and implemented in a timely manner.
#3 Onboard successfully 7 new EIT GB members and transition to the new Chair	Timely submission of adopted shortlist of candidates to the Commission Timely induction of the seven new members of the EIT GB Timely election of the new Chair and ExCo of the EIT GB	March 2022 June 2022 New Chair elected by March 2022 and new ExCo in place by June 2022	The new Chair of the EIT GB and new ExCo of the EIT GB were appointed by the GB decision according to the planned timeline in June. The new GB members were timely elected and on-boarded. The full EIT GB was in place in the second half of 2022.
#4 Member State Representative Group (MSRG) contributes to EIT decision making	Effective MSRG adding positively to EIT governance, visibility and synergies with national programmes	Two annual meetings 75% positive feedback received via dedicated survey to MSRG, demonstrating enhanced understanding of EIT's mission and activities. Opinions delivered to the GB in line with the Regulation	The MSRG Rules of Procedure were adopted in March 2022 Two meetings were successfully organised (16 May online and 10 October in Brussels), summary reports were adopted and summary records published. Formal opinion on the extension of the Partnership Agreement with EIT Health and EIT Raw Materials given and strategic advice on the EIT SPD 2023-2025 was provided.. Synergies with EIT Community activities/

			national programmes were facilitated.
#5 Cooperation with EU Agency Network and synergies, including outsourcing	Effective participation in EUAN, positively supporting the EUAN strategy implementation and benefit from shared services.	Three cooperation agreements with other EU agencies in the interest of the EIT, focussed on shared services and reduced administrative resource needs at EIT.	EIT actively participated in the EU Agency Network activities getting prepared for joining the EUAN Troika in March 2023. EIT has cooperation agreements (or MoUs) with EIC (part of EISMEA), CEPOL (Budapest based EU Agency) and EUIPO. In 2022 EIT initiated also collaboration with FRA, EU Agency based in Vienna, to outsource accounting services starting from October 2023.
#6 Implement MoU with EU Services (DG EAC)	Effective cooperation with Commission services, in particular partner DG (DG EAC)	Submission of information/documents as per the MoU Regular coordination mechanism in operation Replies to requests provided within one week (or as per agreed with DG EAC) Weekly coordination calls minutes	Effective communication with Commission services was secured through weekly calls on the Director level and separate weekly communications on HoUs level (three additional weekly or bi-weekly communication streams were in place). Action points from coordination calls were followed. DG EAC has its observers in the Governing Board and Executive Board meetings as well as in all other GB Advisory Groups. EC officers are also observers in EIT-KICs working groups. All information and documents/ reports in particular draft CAAR, draft SPD, budgetary and financial reports and

			documents were shared timely with EC.
#7 Implement EIT organisational reforms to make it fit for purpose: Transition	Timeliness of the EIT SPD/AWP, establishment plan Recruitment plan Strategic objectives and job profiles	The EIT organisational reform is complete and makes EIT fit for purpose (two phases)	On 1 July 2022 the new organisational structure of the EIT was put in place The new set up was reflected in the final version of 2023-2025 SPD and the recruitment plan.
#8 Implementation and Coordination of the EIT Internal Control Framework	Efficient and Effective coordination of ICF EIT achieves a high level of implementation of Internal Control Framework EIT risks are identified and addressed.	All Agency operational; financial and administrative SOPs are updated. 90% of the baseline Internal Control indicators set for 2022 are met. Critical risks are identified in the Annual Work Programme and action plans to address them are in place, review as part of the Annual Activity Report Maximum 3 re-current exceptions/internal control weaknesses reported in 2022	SOPs are updated and published on the EIT Cloud Register of exceptions and non-compliances is maintained/ updated. The EIT Consolidated Annual Activity Report 2021 was timely adopted by the EIT Governing Board. ICC Report for 2021 was adopted in May 2022. The training on Ethics and Integrity for all staff was provided in December and 67 colleagues participated. 84% of the baseline Internal Control indicators set for 2022 are met. Critical risks have been identified in the Annual Work Programme and mitigation measures were

			developed to address them.
#9 Successful transition of EIT Audit Environment, incl. IAC	Implementation of changes to EIT audit environment	Completion of the IAC Audit on Communications by Q1 2022 Completion of the 2021 Follow-up audit on the EIT open audit recommendations Transition of IAC function to KIC supervision.	By means of the Governing Board Decision, the Internal Audit Capability (IAC) function at the EIT was abolished with date of effect 1 April 2022, after which, the IAC post was transformed into an additional capacity to monitor KICs. The IAC Audit on Communications and the 2021 follow up audit on the EIT open audit recommendations were timely completed.
#10 Audits Follow-up/coordination with ECA/IAS	Improved EIT internal controls through implementation of audit recommendations	At least 90% of all audit action plans are implemented. Timely implementation of the audit open recommendations. Timely input on audit requests.	79% of audit recommendations are implemented. ICC report on implementation of the EIT open audit recommendations 2022 was presented to the Audit Committee in October 2022.
#11 Anti-fraud coordination	Efficient and effective implementation of the EIT's AF Strategy 2021 - 2023	100% of the EIT's action plan for implementation of the 2021 activities is implemented by Q1 2022 90% of the EIT's action plan for implementation of the 2022 activities is implemented	The EIT's action plan for implementation of the 2021-2022 activities was implemented in approximately 85% according to the Anti-fraud coordinator's report (part of the ICC report).

Communications

2022 saw the EIT continuing to build on the increased visibility generated in recent years and take it to new heights. The highlight for 2022 was the organisation of INNOVEIT, the EIT's flagship event that brings together representatives from business, research, education, policy and the public to discuss the contribution of the EIT Community's latest innovations in finding solutions to pressing global challenges such as the climate crisis, sustainable energy and public health.

To bring this event closer to citizens in 2022, INNOVEIT became INNOVEIT WEEKS: a series of events organised by the EIT and its Knowledge and Innovation Communities (KICs) from 15 September to 11 October with 10 hybrid events taking place in Stockholm, Budapest, Brno, Tallinn, Warsaw, Paris, Berlin, Bilbao, Athens, and Brussels. Topics ranged from how the EIT supports women entrepreneurs, higher education institutions' ability to innovate, the development of digital skills to exploring sustainability solutions through the New European Bauhaus. 16 Open Days were also held in EU Member States and beyond to showcase opportunities to access EIT support, learn from insightful discussions and be inspired by cultural performances.

INNOVEIT WEEKS culminated on 11 October with the EIT Summit in Brussels that featured high-level speakers from EU institutions and an agora of EIT innovations and start-ups. The EIT's Deep Tech Talent Initiative was launched to skill talents that can help to solve societal challenges through technology-driven solutions. The event also included the EIT Awards, a recognition of the most promising entrepreneurs emerging from EIT Community activities. In total, more than 6000 attendees came together in person in over 20 European cities and online for the INNOVEIT WEEKS that generated 200 media mentions and a social media reach of over 30.8 million. The event videos (playback included) reached almost 45000 online views and all EU Member States were represented among the participants.

Beyond this, the EIT continued its efforts to significantly strengthen the visibility of the EIT Community towards new audiences and existing stakeholders within the European innovation landscape through an efficient mix of communication and engagement channels and tools. Putting the spotlight on a new EIT Knowledge and Innovation Community, key EIT Community representatives and concrete entrepreneurial examples and solutions emerging from the community helped demonstrate the EIT's key contribution to Horizon Europe in a tangible manner for its audiences, including citizens, across Europe.

In 2022, Members of the EIT Governing Board, the EIT Management Team and staff represented the Institute in 140 third-party events and meetings, the majority of which were digital. EIT representatives conveyed key messages at almost 40 high-level events and engaged with audiences. In addition to the above, EIT representatives also held several meetings and information exchanges with key EU multipliers to exchange views about EIT operations and positioning in Horizon Europe as well future ambitions. The EIT was also present at the European Research and Innovation Days 2022, the European Commission's annual flagship event bringing together policymakers, researchers, entrepreneurs and citizens to debate and shape the future of research and innovation in Europe and beyond.

Actions	Indicator	Target	Achievements/ results
#1 EIT communication and stakeholder relations strategy	Develop EIT communication and stakeholder relations strategy.	GB adoption of strategy in Q1	The development of the strategy was postponed.

	Develop implementation plan for communications and stakeholder relations	Adoption of communication & stakeholder relations Plan 2022 in Q1	Communication and stakeholder plan 2022 was adopted in Q2 2022.
#2 Implementation of the communication and stakeholder engagement plan	Effective and coordinated EIT Community communication for enhanced EIT Community communication efforts.	Effective coordination meetings with KIC communication teams	10 online meetings and 1 physical meeting took place with minutes delivered and enhanced cooperation ensured.
	Timely communication of EIT Community news to target audiences.	Communication FWC and Digital communication FWC under implementation facilitating communication actions.	Communication framework contract signed in March 2023. No digital communication FWC signed as a different procedure was selected.
		11 editions of monthly update for Commissioner Gabriel prepared, shared with EIT GB and KICs	8 editions of the monthly updates sent (January & February, September & October and November & December were combined).
		12 monthly newsletters published and disseminated to stakeholders.	13 newsletters issued presenting key EIT Community opportunities, events and results, including special edition newsletters.
	Website maintained and enhanced.	Website: 5% increase in unique visitors to the EIT website in 2022 compared to 2021 unique visitor statistics	Website visitors increased by 0.1% compared to 2021, with consistent update of content and frequent updates of news, results and opportunities from the EIT Community, facilitating access to relevant information.
	Boost EIT social media presence across its social media channels	Social Media: Increase engagement with followers leading to % increase LinkedIn (20%), Twitter (10%), Facebook (2%) and Instagram	LinkedIn followers' growth: 32,7% (56300 to 74703), Twitter followers' growth: 3,8% (59800 to 62090), Facebook followers' growth: 1,6% (57379 to 58300) and Instagram followers'
	Increase in EIT Community mentions in		

	media outlets and articles.	(20%) in 2022 compared to 2021.	growth: 25,9% (5500 to 6924).
		2% increase in EIT Community press (print, broadcast and online) coverage in 2022 compared to 2021.	No data on the EIT Community media coverage, due to a lack of media monitoring services between April 2021 – October 2022.
		3 dedicated events for press organised in 2022.	A press programme during the EIT Summit was organised for 34 journalists including a press conference and one-on-one interviews.
		Timely response to all press queries	All media queries followed-up and interviews organised with EIT representatives.
	Timely response to all citizen enquiries and engaging communication content produced for citizens across Europe to increase EIT engagement, impressions and followers on EIT social media channels: Twitter, LinkedIn, Facebook and Instagram Efficient and effective stakeholder engagement plan	16 editions of the EIT Community in the Media internal newsletter in 2022	3 editions of the EIT Community in the Media internal newsletter were sent out in 2022, when media monitoring was back in place after signature of Framework Contract.
		EIT responds to all citizen enquiries in line with administrative good practice.	241 citizens queries responded to in line with EU Code for Good Administration and updated FAQ on EIT website.
		Engaging communication materials for key stakeholders produced and distributed across relevant channels.	10 Monthly EIT Event Overviews submitted to the EC. EIT Stakeholder Database regularly updated.
		EIT GB members, EIT management and staff represents the organisation in 30 external priority events by Q4.	38 briefings, total event participation 140 events of which 38 high priorities
		EC services meeting	EEC services meeting organised in December 2022.

	Effective and efficient implementation of EIT NCP network with the European Commission	75% positive feedback received via dedicated survey to NCPs.	Country Factsheets were not developed.
#3 EIT National Contact Point network maintained			Survey results were analysed and presented. Respondents' satisfaction with the support provided by the EIT NCP Secretariat is high at 81.5%.
#4 Raise EIT visibility through flagship events	Effective and high visibility ensured via INNOVEIT Weeks	Minimum 10 000 participants (online and on-site)	Development and delivery of INNOVEIT plan. Organisation of the EIT Summit in Brussels and coordination of KIC-led events. 6 373 participants in the INNOVEIT Weeks with 47 973 online views (including playback).
		Number of articles and social media reach significantly exceeds 2019 and 2020 editions of INNOVEIT.	Social media reach of #INNOVEIT: 30.8 million Media articles covering the INNOVEIT Weeks: 200
		80% positive feedback from participants	85% Overall attendee satisfaction
#5 EIT Liaison Office reinforces stakeholder engagement in Brussels	Effective engagement with and awareness raising to priority stakeholders in Brussels (including DG EAC liaison) as defined in the Communications and Stakeholder Relations Strategy	Over 80% positive feedback received. 4 EU Affairs Group Quarterly meetings organised by Q4. Liaison Office premises available uninterrupted	Regular debriefs/ flash reports to the management on stakeholder engagements. 4 Quarterly meetings a year accompanied by 4 reports.
#6 EIT website enhancement	Website has been enhanced and increase in attractiveness and visitors with positive feedback.	Website enhanced and attractive as confirmed by feedback and increased user numbers.	Continuous enhancement of EIT website, incl. launch of ecosystem map in October 2022. Final phase of the website redevelopment of the website launched for

Actions	Indicator	Target	Achievements/ results
		completion in Q2 2023 in line with the project plan.

Effective administrative services

In 2022, the EIT implemented to a large extent its procurement plan, IT Master Plan, and recruitment plan. The implementation of the IT Master plan helped the office to further automate part of its administrative processes. Several examples to be mentioned on this regard as the procurement tool PPMT, Q-Sign (electronic signature), and the introduction of various modules of SYSPER.

The implementation of the recruitment plan, retention policy and positive work environment allowed the office to keep more than 90% of its post occupied throughout the year, and generally enabled succession and business continuity. The EIT performed a reorganisation exercise, which encompassed changes in the overall organisational structure, several recruitments related to those changes, as well as updates of all staffs' job descriptions etc.

In regard to budget implementation and finance, financial transactions and reporting were successfully processed, with a payments' implementation ratio of 98%. EIT has decreased the late payments below the 5% percent threshold, and the remaining late payments were mostly due to external factors, e.g., mission claims processed by PMO in Brussels. Budget implementation was good, slightly below the 95% target (around 94%), despite the complexities introduced by the transitioning to a new grants' mechanism.

The office continued to keep in its focus on other critical areas, such as security (both physical and cybersecurity), staff wellbeing and staff development.

- Staff wellbeing - EIT management continuously worked with the Staff Committee, in order to advance further on the agenda for post-COVID improvement of the work-life balance. Elements that need to be mentioned in this regard include but are not limited – introduction of the Commission decision on hybrid mode of work, which allows for up to 60% telework and up to 10 days working away from the place of employment; agreeing on a list of social measures to be introduced in 2023 that would improve staff's wellbeing; adopting a long-term plan for improvement and re-design of the office.

- Staff development – EIT has adopted and implemented its annual Training Plan which offered different learning and training activities, for all staff as well as for target audience, and in compliance with the office and individual staff needs.

Actions	Indicator	Target	Achievements/ results
#1 Procurement plan implementation	Procurement procedures completed in a timely manner and EIT contract portfolio managed according to sound financial management.	Min 85% procurement procedures completed in line with the adopted procurement plan by end of Q4 2022 (subject to the initiation of the operational units) including 100% of the	85% of the procurement procedures were completed, 10% were postponed, and 4% were not initiated. 1% was in the ongoing status by the end of Q4 2022.

		prioritised procurement procedures. 2022 Procurement Plan is updated on a quarterly basis. 97% of procurement procedures without complaints/court cases Publication of contracts awarded in the previous year on the EIT website by end of Q2 2022 Procurement procedures up-to-date and high level of staff awareness	Procurement plan was followed up on a monthly basis and updated on quarterly basis during the course of 2022. 100% of the completed procurement procedures were finalised without complaints or court cases. Contracts were concluded and registered in ABAC including the respective procedures and legal commitments. List of awarded contarcts for 2021 were published before the dedline indicated in the FR. Latest version of the actual Procurement Plan, Procurement SOP and other Procurement Guidelines were available for all staff on EIT intranet. The SOP revision process was postponed for 2023. Update of the SoPs will depend on the introduction and the collected experience in PPM.
#2 Budget, Finance, Accounting function	High level of absorption of EIT funds and legality and regularity of commitments and payments ensured.	> 95% of non-grant commitment and > 90% payment appropriations absorbed by Q4. Effective budget reviews and amendments Updated finance related SOPs and updated decision on financial circuit and delegations and staff training	94% of 2022 budget was implemented and 97% of the payment appropriations, including grants. 3 budget transfers and 2 budget amendments were concluded in 2022. The finance related SOPs were not updated in 2022 due to other priorities.

		Registration of minimum 95% of invoices and cost claims within 5 calendar days and registration of minimum 95% of commitment request within 2 working days	EIT decision on delegation of financial power and financial circuit was updated on 08 October 2022 by EIT Director Decision 68/2022.
		Authorise salary payments by 10th of each month in effective cooperation with PMO.	Quarterly reports on late payments were regularly submitted. EIT registered in 2022, 5% late payments, excluding the reimbursement of missions, which fall under the responsibility of PMO.
		Min 95% of payments are authorized in less than 27 days from registration (considering suspensions)	Salary payments were processed via PMO.
		Timely performance of accounting correspondent tasks	EIT provisional accounts were completed in due time, respecting the DG BUDG set deadline.
		Contribute to the validation of local system performed by DGBUDG by the deadline set.	Audit of accounts was performed in 2022 by Mazars, with an unqualified opinion.
		Audit of accounts performed in 2022.	Quarterly accounting control reports were sent to DG BUDG.
		Ensure that inventory checks carried out before the end of the year and with >98% accuracy, updated ABAC assets and effective functioning of Asset Retirement Committee to remove written off items	Action plan related to the report on validation of local system implemented.
			Report on annual inventory check was issued in January 2023.
			Asset Retirement Committee was established and write off postponed to Q2/2023.
#3 Document management	Effective implementation of EIT Decision on Document	DMO in place Train all newly recruited staff in ARES and	ARES and DM trainings were delivered regularly as part of the onboarding process for newcomers.

	management and Policy on archiving	relevant document management procedures Ensure proper maintenance of documentation, including annual opening and closure of files in ARES and regular meetings of DM focal points in the unit to review issues and policies. Timely response to access to documents requests	Preparation of SOP on documents classification and management according to the Director and GB decisions started in 2022 and will be completed in 2023. Annual file creation in ARES for 2022 was carried out as planned in Q4 2021 and Q1 2022. Annual file closure in ARES for 2021 was finalised as planned in Q1 2022. Access to document request was timely addressed on demand and revoked as requested by HR as part of the exit checklist.
#4 Data Protection	EIT is fully compliant with Data Protection rules in its operations.	Involvement of DPO in operations which involve the processing of personal data, Data Protection Action Plan is fully implemented, privacy statements and data protection records included in the EIT inventory are prepared by the data controller with the support of the DPO. Missing EIT Decision adopted (e.g., on restriction of personal data, on data breach). Awareness of EIT staff members of the key data protection requirements (e.g., data protection day and newcomer training)	Privacy statements and data protection records are published in the records register on the EIT website. Some delays in the implementation of the Data Protection Action Plan. Updated Action Plan for Staff training completed.

#5 Legal support	High level of compliance with the requirements of the EIT and HE legal framework	Timely handling of all legal requests by EIT management, complaints and proceedings 100% legal review of EIT GB and EIT decisions and formal High level of awareness of EIT staff members of the EIT and HE legal framework	All GB and EIT decisions were subject to a timely legal review. Internal and external legal requests and complaints were duly addressed. Legal advice has been provided to staff members on the EIT and HE legal framework.
#6 Building management	EIT premises in Budapest and EIT Liaison Office in Brussels run effectively and are prepared for the future work.	Effective overall maintenance of office space at EIT and provision of office supplies Efficient health and safety measures Up to date security and fire safety rules implemented (e.g., first aid training and annual fire inspection drill) Effective EIT security policy in place	Effective office maintenance was carried throughout the year. New contract for the provision of facility management, cleaning and auxiliary services was successfully signed in Nov 2022. First aid training was held on 25/04/2022 and the fire inspection drill were carried out on 02/12/2022. EIT fire regulation is in place. The physical security of the EIT assessment was finalised by the expert in December 2022. There were no reports on security incidents in 2022.
#7 Ensure compliance with Staff Regulations	Effective and efficient adoption of provisions under the Staff Regulations	Adopt implementing rules of the Staff Regulation within the deadlines.	Overview table on implementing rules was maintained. Decisions and implementing rules adopted accordingly.
#8 Ensure completion of appraisal and reclassification exercises	Effective and efficient completion of appraisal and reclassification exercises	Timely completion of appraisal (by Q2) and reclassification (by Q4)	Finalised appraisal exercise and reclassification exercise in Q2 (May) and Q4 (December) respectively.

	EIT is fully staffed in line with its Establishment Plan	Timely and compliant completion of staff selection procedures Publication of the vacancy notice within 6 weeks of a vacant post and completion of reserve lists within 4 months from the deadline for applications	All selection procedures foreseen in the recruitment plan were launched in 2022. 66 out of 72 posts were filled as of 31 December 2022.
#9 Recruitments/reserve lists/use of resources			
#10 Effective training plan developing key competencies	Identification of in-house training courses according to the learning and development plan	90% of in-housetraining sessions provided according to plan	Not taking into account individual training maps, 83% of trainings were provided according to the training plan.
#11 Maintain relations with Staff Committee	Involve staff committee efficiently and effectively in related policies (decisions, social policies)	Timely dialogue and consultation with SC in relevant staff-related policies Effective dialogue with staff committee on priority topics raised. Effective EIT social committee and policies	Staff Committee were consulted on all relevant staff -related policies, e.g., contract duration policy and the general implementing rules (e.g., working time and hybrid working) which were adopted in 2022. Regular meetings took place between the Director and the Staff Committee to discuss social policies, contract duration, way of working and hybrid working modalities, as well as on specific staff issues.
#12 Social policies implemented incentives	Increased attractiveness and improved work environment for EIT staff	Timely adoption of the ceiling decision on schooling and transport costs. Social policies updated and implemented (e.g., Schooling Policy, sports clubs, team building and reimbursement of public transportation)	The ceiling decision on schooling and transport was adopted in a timely manner. The EIT continued to implement policies on schooling, reimbursement of public transportation and team building. A contract was put in place with a new medical service

			provider for annual medical check-ups.
#13 Efficiency gains through more effective e-services (SYSPER, Recruitment, Staff requests)	All HR services are available efficiently and effectively for staff via e-services and related IT tools	Number of additional SYSPER modules to implemented. Implementation of e-ticketing service for HR All HR processes are fully integrated in SYSPER, ARES and EIT Intranet, workflows and online forms adjusted	The appraisal module in SYSPER was launched. The HR reporting module in SYSPER was fully functional in 2022. E-ticketing service tracker was implemented in 2022, ensuring a systematic tracking of questions raised by staff. The SLA was signed with the Commission for the electronic personnel files and the kick-off meeting was held in 2022 to initiate preparation, full implementation expected in 2023.
#14 Payroll and processing of individual rights and working conditions	Timely implementation of the payroll	Zero delays in the payroll process-Less than 2% error rate Timely processing of individual rights and working conditions	Payroll was implemented on time, with less than 2% error rate. Individual rights and working conditions are processed in a timely manner. With the introduction of Sysper, staff requests are directly processed in the system.
#15 Provide adequate IT systems and tools	Adequate IT and infrastructure tools available to staff made available and backup solutions in place.	Make general and individualised IT systems permanently available to all staff as required. Services availability > 99% Planned maintenance < 3,65 days (1% services unavailability)	Systems availability: >99.9% (Duna, Wi-Fi, Printers, Office365, Azure) Regular reporting on incidents and user requests reported to each IT Steering Committee. Business Continuity Plan developed in 2022 (approved in January 2023) and Disaster Recovery plan tested in April 2022

		Quarterly satisfaction Reports Ticket satisfaction reports provided	The staff satisfaction survey was conducted in October – the overall satisfaction with IT services was rated 4.57 (out of 5)
#16 Ensure high level of IT security	Effective implementation of Information Security Policy preventing data breach, loss or systems malfunction LAM and LISO functions fully operational	100% of IT security threats eliminated or mitigated and threats reported to management. SoP on account management and access rights implemented. IT Security projects implemented. Local and remote backups every 4 hours Number of IT security incidents during 2022 reported to CERT_EU &EDPS < 4. Internal controls revised and approved. Access to ABAC and other IT systems used at EIT have been checked 1 time during the year and verified	The implementation of ITSRM2, based on EC GovSec was postponed to 2023 since GovSec was not available in 2022. CERT-EU Red Team Exercise Report on Security was delivered in July 2022. CERT-EU Azure Security Exercice was concluded in July 2022. Microsoft Office365 security exercise was concluded in August 2022. Zero Security Incidents, no report to CERT-EU/EDPS. Local Backups Plan was approved in April 2022 and the implementation followed. The satisfaction survey was presented to the EIT management in October 2022. The outcome of the survey was 4.57 out of 5.00.
#17 Implementation of the EIT IT Framework	Timely implementation of the EIT IT Strategy and the 2022 IT Master Plan	Endorsed and implemented IT Master Plan (95% projects implemented as planned) IT SC functions effectively Effective EIT IT governance	EIT 2022 IT Master Plan was adopted in March 2022 and implemented. In total 22 project were completed, 1 was put on-hold, 8 were carried forward to 2023 and 2 projects were cancelled. 3 quarterly IT Steering Committee meetings took place in 2022.

		IT tools needs assessment reported to management. IT projects and tools efficiently and effectively released. ICT facilities and services used in an appropriate, secure and responsible manner. All new IT projects have an approved IT project request, Business Case document, Business Owner and a Project Charter in line with PM2. 2 trainings completed (incl. Cybersecurity)	2 Newsletters were released. 2 trainings completed (one in February and one in May). IT Needs Assessment reported to Management.
#18 Creative and sustainable office concept implemented	Timely update of the EIT offices in line with the concept paper on the creative and sustainable office	Conduct a feasibility study and deliver design proposal concept in line with the concept approved by management. Works for the implementation of the selected design for the EIT premises are completed by Q4 2022	New sitting plan and feasible Hot Desking System accepted by the management. The design study was postponed to 2023.
#19 Social Committee & Sustainability	Sustainability: EIT monitors its contribution to EU climate targets and becomes carbon neutral through offsetting of its footprint. Social: organization and coordination of planned social events and activities.	Methodology of contribution of EIT as EU Agency in place and annual reports for SPD and AAR Effective mechanism implemented to offset remaining emissions. Timely adoption of the planned activities of the Social and Sustainability Committee	Procurement on selecting the external service provider who will finalise the carbon footprint calculation in 2023 completed. EIT Sustainability Committee was set up Offset mechanism has not yet been identified.

PART II – MANAGEMENT

2.1 EIT Governing Board and EIT Management

Based on the recast EIT Regulation, as from 2021, the EIT Governing Board (EIT GB) consists of **15 members that are appointed by the European Commission**, aiming to ensure gender and geographical balance, as well as a balance between those with experience in business, higher education, and research. The members of the Board act in the interests of the EIT, safeguarding its goals, mission, identity, autonomy and coherence, in an independent and transparent way. The EIT GB is assisted by an Executive Committee composed of five EIT GB members, including the Chair of the EIT GB and a Commission Representative.

In 2022, the EIT conducted **two exercises of conflict of interest verification** of EIT GB members, the annual exercise and the verification related to KIC Business Plans and the Higher Education Initiative. In cases where an actual or potential conflict of interest was identified, appropriate measures were implemented depending on the associated risk level of the identified conflict.[11]

In 2022, the **EIT GB held five ordinary meetings**, including the hearings of the eight KICs in the context of the allocation of EIT financial contribution to KICs for 2023-2025. Furthermore, the EIT GB **had an online discussion with the Chairs of the Supervisory Boards of the KICs** to discuss strategic issues in June 2022. The Executive Committee met regularly via videoconference meetings to prepare for the EIT GB meetings.

The EIT GB members took an **active role in the grant allocation process** for the KICs for the period of 2023-2025. Specifically, four EIT GB members acted as Rapporteurs for the four waves of KICs. The Rapporteurs participated in online meetings with the KICs' management and governance teams and followed up on the strategic recommendations put forward by the EIT GB in 2021 contributing strongly to the grant allocation decision.

Having regard to the end of mandate of four members throughout 2022, while taking into account the increasing number of members from 12 to 15 according to the (recast) Regulation of the European Institute of Innovation and Technology, the **Board launched a selection procedure for up to seven new members on 1 September 2021**.[12] The Call was launched via a news item that was published on the EIT's website.[13] All of the relevant decisions of the Board were included in the news item and were made publicly available. The Call was extensively promoted across all of the EIT media channels, which generated 180 interactions on Twitter, over 370 likes on LinkedIn and more than 4100 interactions on Facebook, with an overall 146.000+ impressions on the three platforms.

As a result of the Call, the EIT received **259** applications and the EIT GB formally submitted the adopted shortlist of candidates to the Commission. On the basis of the proposed shortlist of candidates submitted by the Board, the Commission appointed the new members of the Board (May -June 2022).

During the selection procedure, and in accordance with the EIT Regulation, special attention was paid to the gender and geographical balance of the Board as a whole. Also, a balance among those with experience in

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[11] According to Decision 13/2015 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the Code of Good Conduct on Conflicts of Interest for Members of the EIT Governing Board, as well as the accompanying methodology to the individual assessments.

[12] *Decision 32/2021 of 30 July 2021 on the 2021 Call Text for Expressions of Interest for the Appointment of New Members to the EIT Governing Board (ref. Ares(2021)4876201).*

[13] *https://eit.europa.eu/news-events/news/deadline-extended-join-eit-governing-board-apply-12-november*

business, higher education, and research was considered. Consequently, and upon completion of this selection procedure, the Board submitted its proposal for the appointment of seven new members of the Board to the Commission.

Besides actively attending the EIT GB meetings, the members took on additional roles in **promoting the EIT amongst key stakeholders** in bilateral meetings and with speaking engagements at high-level conferences and events, including various conferences under the Presidencies of the Council of the EU. In 2022, the **EIT GB adopted 38 formal decisions**, which can be consulted on the EIT's website.[14]

GB Advisory Groups

In order to gain strategic advice on several key initiatives and matters of the EIT, advisory groups have been created, where identified GB member experts in the specific topic provide advice to the EIT on how to advance in these areas. Besides the already existing Executive and Audit Committees, the work of EIT-EIC Joint Working Group and Global Outreach Advisory Group started.

2.2 Major Developments

The unprovoked aggression of Russia's attack on Ukraine in February 2022 fundamentally changed the European Union's priorities and strategies in many areas. The EIT as an EU body stands behind the EU position condemning the invasion and expressing its utmost support to the people of Ukraine. The EIT Community took immediate actions to respond to the crisis and developed several initiatives for a more systemic response. For example, EIT Health provided tangible support to Ukraine by facilitating the supply of medical equipment and vaccines while the EIT launched a traineeship scheme for displaced Ukrainians.

Beyond the immediate response, the EIT proposed to open or set-up 17 activities for supporting students, entrepreneurs, and researchers, as well as higher education institutions and businesses from Ukraine. The total value of these activities was EUR 1.3 million for 2022. These range from traineeship schemes to pre-acceleration/acceleration services.

Within the EIT's Higher Education Institution (HEI) Initiative, a total of 14 Ukrainian HEIs were onboarded in 2022 and are expected to continue working with their respective projects in 2023. Under the HEI BP 2023, there is a budget forecasted at MEUR 2 for 2023 and EUR 700 thousand for 2024 to support a total of up to 30 Ukrainian institutions (including 14 institutions continuing from 2022 and 16 new ones). Another example of activities is the Girls Go Circular project, now offering its courses in Ukrainian in 2022.

Later in the year, the KICs shifted their focus to providing Ukrainian innovators with access to European innovation opportunities. By extending the programme offering, the KICs have aimed at strengthening the innovation ecosystem in Ukraine and empowering those who help rebuild the economy. For example, the Pre-accelerator in Ukraine – powered by EIT Jumpstarter and driven by EIT Manufacturing – was launched in October 2022. The programme attracted huge levels of interest and more than 150 applications were received. By mid-December 2022, the 16 best teams were selected to enter in programme.

The European Commission adopted the **New European Innovation Agenda (NEIA)** on 5 July 2022 to position Europe at the forefront of the new wave of deep tech innovation and start-ups. The new European Innovation Agenda sets out 25 dedicated actions under the five flagship areas. The EIT is expected to contribute to several actions:

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[14] *https://eit.europa.eu/newseit-governing-board-meetings-and-decisions*

the EIT Women2Invest Programme (A2F), establishing and connecting regional deep tech innovation valleys (Innovation Ecosystems), the EIT Deep Tech Talent Initiative (Talents), the Innovation Intern Scheme (Talents), the Women Entrepreneurship and Leadership scheme (Talents), and the extension of the Girls Go Circular project (Talents). The main EIT flagship initiative indicated in the NEIA, the EIT Deep Tech Talent Initiative, aims to skill, re-skill and up-skill at least 1 million in deep tech talent over the next three years (2023-2025) within deep tech fields such as advanced materials and manufacturing, artificial intelligence, biotechnology, robotics, photonics, sustainable energy, and cleantech. It will also include quantum computing, blockchain, semiconductors, aerospace, and power electronics as the Top 5 priority deep tech fields identified by the Commission's Unicorn Group. EIT Manufacturing has been chosen as Lead KIC, building on their existing activities.

The transition to the multi-annual funding approach and further integration with Horizon Europe was finalised in 2022. The fully fledged new multi-annual and simplified operational model for implementation for the 2023-25 cycle was introduced with an invitation to submit proposals for **KIC Business Plans 2023-2025** (2023-2024 in the case of first wave KICs), for the Cross-KIC activities 2023-2025, for the Higher Education Institutions (HEI) initiative 2023-2025 (Call HORIZON-EIT-2022-KIC), and for EU action grants under the Horizon Europe (HE) Framework Programme for Research and Innovation.

In 2022, the EIT Community welcomed its ninth KIC: **EIT Culture & Creativity**. Following months of preparations and proposal evaluations, the EIT announced the winning team set to build the KIC in June. The new KIC is designed to strengthen and transform Europe's Cultural and Creative Sectors and Industries (CCSI) by connecting creatives and organisations to Europe's largest innovation network. The new pan-European partnership can expect to receive approximately EUR 300 million in EIT funding under Horizon Europe.

In 2022 the EIT organisational set-up was further adjusted. The EIT Director announced **the new organisational structure of the EIT**, coming into effect on 1 July 2022. With this, the EIT achieved a major milestone with the organisational structure entering into force and being fully aligned with its new strategic objectives and priorities. The new functional EIT organisational structure was endorsed by the EIT Governing Board. The main objective of the restructuring process was to be better align with the 2021-2027 EIT SIA and the EIT's Annual Work Plans, to further increase the operational effectiveness and efficiency of the organisation, further adjust the operational model to the revised multiannual and cascading funding model and provide further support to the EIT Governing Board in executing its monitoring and supervision functions.

2.3 Budgetary and Financial Management

Planning

The EIT's medium-term priorities were set out in its rolling Single Programming Document 2022–2024, which incorporates the annual work programme and financing decision for 2022. The Single Programming Document is adopted by the EIT Governing Board on the basis of proposals by the EIT Director following the opinion of the European Commission.

Implementation of revenue

The EIT 2022 budget, with a total amount of EUR 371 198 395.00, was adopted by EIT's Governing Board in December 2021. EUR 3 319 890.67 was included in the budget for revenue from administrative and operational activities established and cashed in 2021 but carried over to 2022.

Revenue established and cashed in 2022, %

- Revenue from administrative operations, EUR 0.006…
- Revenue from operational activities, EUR 2.8 million…
- EU Contributions, EUR 445.8 million (incl. EBA grant of EUR 10 million)…

Legend:
- Contributions, including EBA, IC1 and R0
- Revenue from administrtaive operations, IC4
- revenue from operational activities, IC4
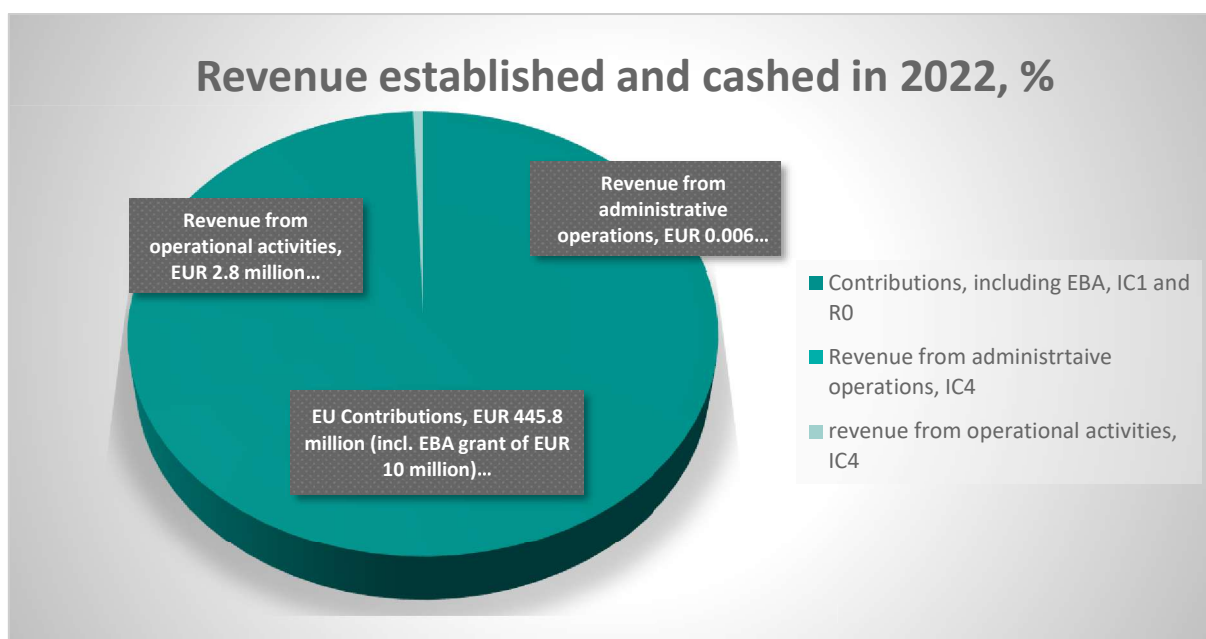
Two budget amendments were approved for EIT's 2022 budget, hereby increasing the budget to EUR 448 920 650.21. The core budget increase was due to a combination of:

➔ the requested amount of EUR 71 288 858.26 from the Commission to cover 90% of the grants for 2021/2022 in 2022 and another EUR 10 000 000.00 from DG Employment for the EBA grant.
➔ an increase in revenue from administrative operations by EUR 6 487.25, and
➔ an increase of EUR 2 729 930.51 million in revenue from operational activities.
➔ adjustments of the payment appropriations by EUR –9 310 235.00 under amendment budget nr.1 and by EUR 2 107 214.19 under budget amendment nr.2, which took place to ensure alignment with the modifications made to the EIT's annual work programme 2022.

After amendment number 2 was adopted by the EIT Governing Board, another EUR 47 325.00 of revenue from operational activities was cashed in from EIT Health, increasing the final **2022 EIT budget to EUR 448 967 975.21**.

The recovery from the Guarantee Fund was done because the pre-financing and the early release of the final payment related to KIC grants in 2020 were higher than the final grant amount, as well as following ex-post audits performed. The recovered amounts were related to four (4) of the EIT KICs, as follows:

- EIT Food - EUR 1 258 383.01
- EIT Climate-KIC - EUR 228 262.02
- EIT InnoEnergy - EUR 4 433.83 and EUR 1 236 354.32
- EIT Health – EUR 2 497.33

The total collected revenue from administrative operations (inscribed as C4-credits in 2022) was EUR 6 487.25, comprised respectively of:

- EUR 5 873.00 in connection to the recovery of kindergarten costs from a staff member who left the EIT.
- EUR 614.25 in connection to the recovery of schooling costs from a staff member who left the EIT.

Implementation of expense

In 2022, the commitments made on all 3 titles show a good rate of implementation thanks to careful planning and regular review of the annual work programme.

Budget 2022 implementation (C1 fund source)

Title heading	Fund Source	CD/CND	Commitment appropriations	Commitments made	Impl. Rate	Payment appropriations	Payments made	Impl. Rate
Title1 Staff expense	C1	CND	7,410,250.00	6,912,902.39	93%	7,410,250.00	6,148,539.01	83%
Title 2 Administrative expense	C1	CND	1,024,330.00	895,045.45	87%	1,024,330.00	668,181.13	65%
Title 3 Operational expense	C1	CD	385,367,068.23	362,465,219.38	94%	427,749,652.45	422,465,026.15	99%
		Sum:	393,801,648.23	370,273,167.22	94%	436,184,232.45	429,281,746.29	98%

The payment execution has decreased by 1% in comparison to 2021 from 99% to 98%. The payments made on Title 1 and Title 2 budget lines are still relatively low, which is mostly due to the fact that the contractual periods with some companies continue the following year. As a result, the payment rate at times cannot be fully implemented in the same financial year as when the contract was concluded. Another reason for the lower implementation rate on Title 1 in 2022 is linked to the unexpected significant decrease of country correction coefficient for Hungary from 75.70% to 69.60%, which is applied retroactively[15].

The overall 2021 budget implementation versus the 2022 budget implementation is presented in the comparison chart below:
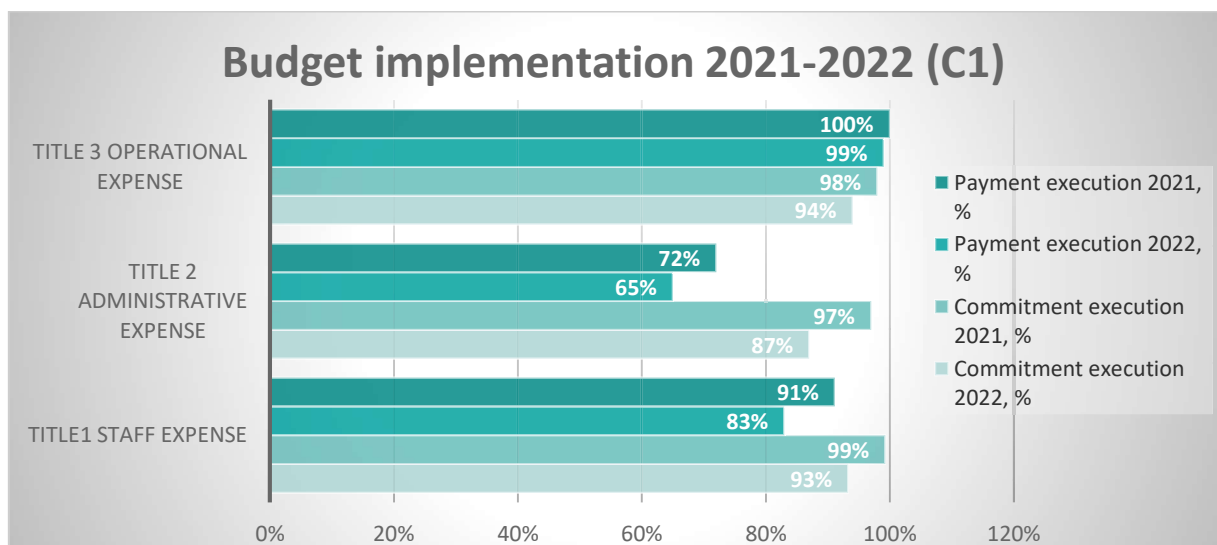
The appropriations stemming from assigned revenue collected during the financial year on all titles were not committed in 2022. Only a small portion of payment appropriations were used under Title 1 Staff Expenditure. The amount of the non-committed and non-paid assigned revenue was carried over to 2023.

Title heading	Fund Source	CD/CND	Commitment appropriations	Commitments made	Impl. rate	Payment appropriations	Payments made	Impl. rate
Title1 Staff expense	C4	CND	6 487.25	2 355.17	36.30 %	6 487.25	2 355.17	36.30 %

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[15] https://bbj.hu/economy/statistics/figures/inflation-in-hungary-reaches-24-5-in-december-2022

Title 2 Administrative expense	C4	CND	0.00	0.00	0.00%	0.00	0.00	0.00%
Title 3 Operational expense	C4	CD	2 777 255.51	0.00	0.00%	2 777 255.51	0.00	0.00%
		Sum:	**2 783 742.76**	**2 355.17**	**0.08%**	**2 783 742.76**	**2 355.17**	**0.08%**

Amendments and transfers

Two budget amendments were adopted by the EIT Governing Board during the 2022 financial year.

AB No	Date of adoption	Main subject Description	Official Journal reference	Impact on commitment and payment appropriations (in EUR)
1[16]	21 June 2022	It includes the amounts needed to cover the interim payment of up to 90% of the grants for 2021-2022 in 2022, EIT-requested additional payment appropriations of EUR 71 288 858.26 from the European Commission; recovered unused amounts following the balance 2020 grant payments and other recovered administrative amounts.	OJ C 291/02, 29.07.2022, p. 6-10	CA: 12 142 227.32 PA: 74 120 850.58
2[17]	22 November 2022	It includes the review of the implementation of the budget in line with the revised 2022 Annual Work Programme.	OJ C 489/54, 22.12.2022, p. 54-57	CA: 656 930.67 PA: 3 601 404.63

The EIT Director adopted three transfers of appropriations under the ceiling of 10% as follows.

Transfer No	Date of adoption	Main subject Description	Impact on commitment appropriations (EUR)	Impact on payment appropriations (EUR)
1[18]	4 August 2022	The appropriation on budget line 1122 'Recruitment' is not sufficient to cover the	Title 1:	Title 1:

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[16] Decision 22/2022, Ares(2022)4634702

[17] Decision 33/2022, Ares(2022)8088799

[18] Ares(2022)575437 - 04/08/2022

		cost of external services for the assessment of management skills carried out by assessment centres for selected candidates as part of the selection procedures for managerial positions.	8 000.00	8 000.00
2[19]	21 November 2022	The appropriation on budget line 1202 "Trainee" is not sufficient to cover the extension of the traineeship grants in 2022. The appropriation on budget line 2201 "Communication equipment and services" is not sufficient to cover the contract for communications services.	Title 1: 25 000.00 Title 2: 12 200.00	Title 1: 25 000.00 Title 2: 12 200.00
3[20]	13 December 2022	The appropriations on budget line 1120 "Schooling" are not sufficient to cover the tuitions/bus fees for the school year 2022/2023. The appropriations on budget line 1121 "Kindergarten" are not sufficient to cover the tuitions/bus fees for the school year 2022/2023. The appropriations on budget line 1124 "Medical expenses" had to be re-evaluated based on the need of one pre-employment medical check in January 2023 and the current status of the contracted prices. The appropriations on budget line 2100 "Building, Office rental" are not sufficient to cover the 2022 Budapest office rent's price indexation. The appropriations on budget line 2100 "Building, Office rental" are not sufficient to cover the 2023 office rent in Brussels due to price indexation. The transfer will be made within the titles and the value of the transfer on the line from which the transfer is made is below 10%.	Title 1: 80 000.00 Title 2: 8 400.00	Title 1: 80 000.00 Title 1: 8 400.00

19 Ares(2022)8018953 - 21/11/2022
20 Ares(2022)8655551 - 13/12/2022

The 2022 final budget following the amendments and transfers has practically remained unchanged compared to the initial budget for commitments, though increased by 18% as regards the payments. Title 1 "Staff expense" has increased by 8% while Title 2 "Administrative expense" has decreased by 4%.

While the changes for the Title 3 "Operational Expense" commitments were insignificant, an increase of 18% in payments is observed due to the additional amounts requested by the EIT from the Commission to cover the interim payment of up to 90% of the grants for 2021-2022 in 2022.

The additional appropriations coming from carryovers and assigned revenue increased the 2022 budget by 4% in commitments and by 21.84% in payments overall, linked mainly to the MEUR 10 received from the European Commission to support the European Battery Alliance Academy under the Recovery Assistance for Cohesion and the Territories of Europe` (REACT-EU). Following the signature of the Contribution Agreement concluded between the EIT and DG EMPL, VS/2021/0283 to finance the implementation of the action European Battery Alliance Academy, the EIT received an amount of MEUR 10 as a contribution under *Article 204 Other contribution - external assigned revenue*. As a result, on 29 April 2022, the EIT concluded a grant agreement in support of the action European Battery Alliance with EIT InnoEnergy for a total amount of EUR 9 977 750.00, covering a period of 36 months (from 17 January 2022 to 16 January 2025). The initial prefinancing was set at an amount EUR 6 984 425.00 and executed within 30 days from entry into force of the signed grant agreement.

EIT budget 2022 by fund source

Title	Initial budget (EUR)		Amendments/Transfers (EUR)		Final budget (EUR)		% Variation	
	Commitment Appropriation	Payment Appropriation	Commitment Appropriation	Payment Appropriation	Commitment Appropriation	Payment Appropriation	Commitment Appropriation	Payment Appropriation
Fund course C1								
Title 1	6,848,400.00	6,848,400.00	561,850.00	561,850.00	7,410,250.00	7,410,250.00	8%	8%
Title 2	1,067,530.00	1,067,530.00	(43,200.00)	(43,200.00)	1,024,330.00	1,024,330.00	-4%	-4%
Title 3	385,822,978.00	363,282,465.00	(455,909.77)	64,467,187.45	385,367,068.23	427,749,652.45	0%	18%
Total C1	393,738,908.00	371,198,395.00	62,740.23	64,985,837.45	393,801,648.23	436,184,232.45	0%	18%
Fund source R0								
Title 3, R0 / EBA / DG EMPL	-	-	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00		
Total Contributions: C1, R0	393,738,908.00	371,198,395.00	10,062,740.23	74,985,837.45	403,801,648.23	446,184,232.45	3%	20%
Fund Source C4								
Assigned revenue*			2,783,742.76	2,783,742.76	2,783,742.76	2,783,742.76		
Total C1, R0, C4	393,738,908.00	371,198,395.00	2,783,742.76	2,783,742.76	406,585,390.99	448,967,975.21	3%	21%
Fund source C5								
Carry over of unused appropriations from internal assigned revenues			3,361,345.90	3,319,890.67	3,361,345.90	3,319,890.67		
Total: C1, R0, C4, C5	393,738,908.00	371,198,395.00	3,361,345.90	3,319,890.67	409,946,736.89	452,287,865.88		
Fund Source C2								
Non-automatic carry over, by decision			-	1,130,242.29	-	1,130,242.29		
Total: C1, R0, C4, C5, C2								
Fund Source C3 - cancelled								
Non-automatic carry over, by decision			7,269,133.99	-	7,269,133.99	-		
Total: C1, R0, C4, C5, C2, C3								

Note:
* An amount of EU 47,325.00 EUR was cashed in from an EIT KIC after the amenmdnet nr.2 was finalised.
The non-automatic carry over on decision for commtiment appropriation from 2021 to 2022,amounting for EUR 7,269,133.99 was not used, and therefore was lost on 31 March 2022.
The non-automatic carry over on decision for payment appropriation from 2021 to 2022,amounting for EUR 1,130,242.29 was not used, and therefore was lost on 31 December 2022.

The key performance indicators (KPIs) applicable to the implementation of the budget are listed in the table below:

	KPI	Target	2022 result	2021 result	2020 result
1	Commitment implementation rate (C1)	95%	94%	98%	100%
2	Payment implementation rate (C1)	90%	98%	99%	99%
3	Commitment implementation rate for all non-grant related expense (C1)	95%	93%	97%	93%
4	Late payment rate	5%	5%[21]	7%	6%
5	Execution rate of carried over amounts from 2021				
	Title 1 Staff expenditure	85%	84%	89%	73%
	Title 2 Administrative expense	85%	75%	83%	55%
6	Maximum rate of carryover to year N+1 of total commitments within title				
	Title 1	10%	11%	8%	7%
	Title 2	20%	25%	26%	22%
	Title 3	30%	17%	33%	35%
	Average		*18%*	*33%*	*34%*

These performance indicators are important measurements of the EIT's budget management, used internally.

Moreover, failure to meet the targets for the implementation of appropriations (KPIs 1 and 2 above) can have consequences for the EU contribution paid to the EIT's budget in the subsequent year.

The ceilings for KPI 6 are those applied by the European Court of Auditors for their audit work and are for guidance only.

Carry-over/re-entry from previous financial year(s)

A. Automatic carry-overs of appropriations corresponding to obligations duly contracted in 2021 (C8)

Pursuant to Article 12(6) of the FFR, non-differentiated appropriations, corresponding to obligations duly contracted at the close of the financial year, are carried over automatically to the following year.

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[21] For the calculation of the late payments rate, the late payments related to reimbursement of missions were excluded, since they are not under the remit of the EIT but fall under the responsibility of the PMO (out of the EIT's control).

Automatic carry-overs of appropriations, C8 fund source

Official Budget Title	Fund Source	Commitment			Payment		Ratio	
		Credit Com Amount	Commitment Accepted Amount (Euro)	% Commit	Credit Pay Amount	Payment Request Accepted Amount (Euro)	Paid/ appropriations, %	Paid/ Committed, %
1	C8	505,981.23	432,639.06	85.50 %	505,981.23	426,904.21	84.37 %	98.67 %
2	C8	232,456.85	204,281.00	87.88 %	232,456.85	175,188.98	75.36 %	85.76 %
Total Title 1 and 2		**738,438.08**	**636,920.06**	**86.25 %**	**738,438.08**	**602,093.19**	**81.54 %**	**94.53 %**
3	C8	120,066,726.16	119,959,394.46	99.91 %	-	119,622,813.00	-	99.72 %
Total Title 3		**120,066,726.16**	**119,959,394.46**	**99.91 %**	**-**	**119,622,813.00**	**-**	**99.72 %**

81.54% of the non-differentiated appropriations (Title 1 and Title 2 as for the administrative appropriations) which were carried over from 2021 to 2022 were paid.

On Title 1 the execution was set at 84.37%. The lowest implementation rate (81.65%) concerns training expense. Various trainings organised by the European Commission in 2021 and early 2022 were not invoiced to the EIT in 2022, which resulted in a low implementation rate.

75.36% of the carried-over appropriations *on Title 2* were paid in 2022. The implementation was below 80% on building rental and maintenance expenses, as well as on IT, postage, and expenditure of the EIT Governing Board. It is difficult to estimate building-related costs like utilities due to their nature. The implementation of the new hybrid way of working (the combination of office presence and telework) resulted in under-implementation of the postage budget and printouts purchases similarly to 2021.

On Title 3 "Operational expenditure", EUR 120 million was carried over from 2021 to 2022. The KICs absorbed the carry over grant amount of EUR 118 655 787.60, which also explains the relatively high implementation rate of 99.71% on the Title 3.

B. Appropriations from assigned revenue automatically carried over from 2021 to 2022 (C5)

Appropriations of EUR 3 361 345.90 from assigned revenue cashed in 2021 but carried over to 2022 were committed at a volume of 99.9%.

C. Unused appropriations re-entered in 2022 on decision (C2)

In its decision on adopting the budget and establishment plan for the financial year 2022, the EIT Governing Board decided to re-enter payment appropriations of EUR 1 120 242.29 EUR on budget line 3110 "KICs grants", which were not used in 2021. Due to the delay in signature of the start-up agreement for the new EIT KIC, postponed from December 2022 to February 2023, the amount carried over by the decision were lost.

RAL situation at the end of the financial year

A. Automatic carry over of appropriations corresponding to obligations duly contracted in 2022.

The amount of outstanding commitments as of 31 December 2022 was of EUR 63 971 999.12, which represents a decrease in comparison with the financial year 2021 (-47%). The decrease mainly relates to the final stage of the implementation of the 2021-2022 KICs grant agreements in 2022.

The high amount of RAL for Title 1 Staff expenditure comes mainly from the extension of the interim agents' contracts to the next financial year as well as the IT support contract which goes beyond the financial year.

The high amount of RAL for operational expenditure is the result of the grants amendments concluded with the KICs in 2022. Due to the nature of these grants, and the fact that payment of the final balance (an average of 10% of the grant amount) is executed in year N+1, the amount of RAL is and will always remain high.

On average, in 2022, the EIT carried forward 11% of commitments made on Title 1 budget lines, 25% on Title 2 budget lines, and 17% on Title 3 budget lines.

On Title 1 the RAL rate of 11% is slightly above the ECA's ceiling. The largest part of the RAL (39%) for Title 1 takes the interim staff long-term contracts, most of which were extended to the following year. Furthermore, the IT support contract (under the budget line 1203) goes beyond the financial year. In the last quarter of the financial year, several trainees were recruited for a minimum of six months and some existing training contracts were extended.

Budget Line Position	R A L	% Carry over
Title 1	764,363.38	11%
Title 2	226,864.32	25%
Title 3	62,980,771.42	17%
	63,971,999.12	17%

On Title 2 the RAL rate of 25% slightly exceeds the ECA's ceiling, however due to the nature of these expenditures and due to the contracts' duration, the amount of RAL is considered "normal". The EIT continuously uses legal advice in different areas, such as procurement or KIC-related matters. Certain cases could not be completed in the financial year. Hence, they have not been invoiced by the contractor, which explains the amount of the RAL.

The outstanding amount of ICT expenditure comes mainly from the delayed delivery of IT and communication equipment.

The outstanding amount on building-related expense relates to the utility cost for the Budapest and Brussels offices, which are always invoiced in the following year.

Title 2, budget item position	R A L (EUR)	RAL %
2100 Building rental, acquisition	21,046.78	15.92%
2101 Building maintenance and security	9,938.57	7.52%
2109 Other building expense	3,810.00	2.88%
2110 Furniture rental, acquisition and associated cost	-	0.00%
2111 Technical equipment rental, acquisition and associated cost	-	0.00%
2200 IT software and hardware expenditure	24,765.43	18.73%
2201 Communication equipment and services	51,260.57	38.78%
2300 Office supplies	-	0.00%
2301 Postage and delivery charges	701.61	0.53%
2302 Transport cost	1,078.74	0.82%
2303 Legal expense	14,042.25	10.62%
2304 Handling and moving	-	0.00%
2305 Subscriptions, publications	-	0.00%
2306 Expenditure related to EIT Governing Board	5,550.46	4.20%
2307 Studies and surveys	-	0.00%
2308 Meeting expense	-	0.00%
2309 Other administrative expense	-	0.00%
Total	132,194.41	100.00%

As for communication expense, the outstanding amount contains the December invoices for landline, mobile, and internet services which are invoiced in January next year. The highest share of the outstanding amount corresponds to the annual internet service contract and the contract for the secured line for accessing European Commission services.

The highest amount of RAL for *operational expenditure* (EUR 55.7 million out of EUR 63.9 million, 88.51%) corresponds to KIC grants. Due to the nature of these grants, and the fact that payment of the final balance (an average of 10% of the grant amount) is executed in year N+1. Same applies for the EBA grant, amounting to approximately 5% of the total RAL on Title 3.

The RAL amount under the budget line 3115 "Regional Impact of Knowledge and Innovation Communities" is due to contractual obligations with experts which were not all invoiced in 2022.

The outstanding amounts under the budget line 3111 "Strategic supervision and guidance" concerns mainly the contractual cost for audit and controls, which was concluded in the last quarter of 2022. It also relates to the cost of the experts recruited for the assessment of the KICs business plans 2023-2024.

Title 3, budget item position	R A L (EUR)	RAL %
3110 Grants to Knowledge and Innovation Communities	55,741,986.80	88.51%
3111 Strategic supervision and guidance of Knowledge and Innovation Communities	594,937.49	0.94%
3112 EIT Label	89,325.00	0.14%
3115 Regional impact of Knowledge and Innovation Communities	327,885.00	0.52%
3116 Other grants (R0, EBA)	2,993,325.00	4.75%
3202 Brand management, communications and stakeholder relations	2,700,973.40	4.29%
3203 EIT Alumni	25,588.73	0.04%
3204 EIT Awards	50,000.00	0.08%
3206 Monitoring and evaluation of impact	364,200.00	0.58%
3207 Identification and sharing of good practices	63,300.00	0.10%
3300 Supporting the innovation capacity of higher education	29,250.00	0.05%
Total	**62,980,771.42**	**100.00%**

Most of the RALs under the remaining budget lines relate to contracted experts and service providers, for which the contractual duration is longer and continues in the financial year 2023 and in some cases even in 2024.

B. Appropriations from assigned revenue automatically carried over from 2022 to 2023.

Pursuant to Article 12(4) of the FFR, unused appropriations from internal assigned revenue shall be carried over for one year only. At the end of 2022, an amount of EUR 2 781 387.59 for appropriations from internal assigned revenue related to recoveries mentioned in Section 3.1. (recoveries of KICs-related expenses or administrative expenses) had not been consumed in 2022. Therefore, the unused amount was automatically carried over to 2023. In the same context, the EIT carried over the R0 revenue in connection to the action on the European Battery Alliance, amounting to 22 250.00 EUR on commitment appropriations and amounting to EUR 3 015 575.00 on payment appropriations.

Automatic Carryover on Commitment and payment appropriations from 2022 to 2023

Title	Fund Source	CD/CND	Commitment appropriations	Commitments made	Payment appropriations	Payments made	Automatic Carryover of Commitment Appropriations to following year	Automatic Carryover of Payment Appropriations to following year
Title 1	C4	CND	6,487.25	2,355.17	6,487.25	2,355.17	4,132.08	4,132.08
Title 3	C4	CD	2,777,255.51	0.00	2,777,255.51	0.00	2,777,255.51	2,777,255.51
Title 3	R0	CD	10,000,000.00	9,977,750.00	10,000,000.00	6,984,425.00	22,250.00	3,015,575.00
		Sum:	N/A	N/A	N/A	N/A	**2,803,637.59**	**5,796,962.59**

C. Unused appropriations carried over from 2022 to 2023 on decision.

Appropriations which have not been used by the end of the financial year for which they were entered shall be cancelled. However, commitment and payment appropriations can be carried over upon decision of the EIT Governing Board and under certain conditions.

The EIT Governing Board adopted in its Decision No 1/2023 of 24 January 2023[22]:

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[22] Ares(2023)553810

    a. the carry-over of commitment appropriations of EUR 22 428 445.72 in respect of amounts needed to cover the multi-annual grant agreements of the Knowledge and Innovation Communities for the period 2022 and 2023 and

    b. the carry-over of payment appropriation of EUR 3 069 757.71, which is needed to cover the existing commitments made for the multi-annual grant agreements of the Knowledge and Innovation Communities for the period 2022 and 2023, where the payment appropriations provided for in the relevant budget lines for the following financial year are insufficient, consuming firstly the fresh payment appropriations authorised for 2023.

Reporting

Budget execution was reported to EIT Management on a quarterly basis with deviations from budget execution targets by budget chapters, thereby identifying mitigating actions if and when needed. In addition, the implementation of the EIT Annual Work Programme was continuously monitored. These allowed for corrective actions to be taken where needed to optimise the utilisation of available human and financial resources.

2.4 Delegation and sub-delegation

The mechanism of delegation is set up through an Internal Note and EIT Decision 68/2022 of 08 October 2022, signed by the EIT Director which identifies the responsibilities per budget lines and the need to put in place financial circuits in compliance with the organisational structure and control systems and procedures suited to the performance of his duties in order to implement the EIT activities.

The EIT Director acts as Authorising Officer. In line with the EIT Financial Regulation, the Authorising Officer has delegated his power of implementation of revenue and expenditure to Heads of Operations up to the amount of EUR 140 000 and to the Head of Units up to the amount of EUR 60 000[23]. Subdivision of a single operation with a view to evading application of any upper limits is prohibited. The only exception is applicable for the transactions related to salaries, as the Head of Administration Unit has unlimited rights on salary budget lines. In the absence of the Head of Administration Unit, the EIT Director acts on transactions related to salaries. Delegations are granted without time limits. The function of Authorising Officer by sub-delegation is not applicable. Co-delegation is applied on a limited number of budget lines.

Deputisation for AOD is regulated via requests by the AOD for periods longer than three working days. The request shall indicate material transactions expected during the period for deputation. On a quarterly basis, each AOD reports to the AO on the implementation of appropriations he/she is responsible for.

2.5 Human Resources (HR) Management

Recruitment

A total of six external selection procedures were launched in accordance with the EIT recruitment guidelines in 2022. Out of these 6 selection procedures, 2 middle management procedures were launched in the late second half of the year due to EIT operational gaps identified in the frame of EIT reorganisation, which took place in July 2022. Notwithstanding the HR resources dedicated to implementing the EIT reorganisation in 2022 (e.g., drafting internal transfer decisions, amending job descriptions, coordinating internal selection procedures, and updating

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[23] Ares(2023)45230 of 10 January 2023

HR databases and systems), a total of 9 selection procedures were completed over the course of 2022. It took an overall average of 4.3 months to complete these selection procedures, from the deadline of the vacancy notice to the establishment of the reserve list. In addition, within the frame of the EIT reorganisation, 6 internal selection procedures were successfully launched and completed, supporting internal mobility opportunities for EIT staff. The EIT continues to strive to create efficiencies in the areas of recruitment, e.g., carrying out interviews online and outsourcing the organisation of tests to an external service provider.

Two traineeship calls were successfully launched in 2022. Firstly, as an initiative to assist Ukraine, a traineeship call was specifically launched to attract Ukrainian nationals and it provided for 5 traineeship opportunities at the EIT. Secondly, a general traineeship call was launched to attract young and motivated talent to the EIT. As a result of these efforts, over the course of 2022, a total of 23 young professionals participated in traineeship opportunities at the EIT (either starting or completing their traineeships in 2022).

In 2022, the EIT proceeded to procure interim services [24] to cover long-term absences, projects and peak workload, where identified. A total of 8 interim service contracts were successfully concluded or extended in 2022.

Learning & development

At the end of every year, the HR section proposes to the EIT management a training map programme that enables Heads of Units to identify the needs and requests of staff members working within their units, and to identify areas of weaknesses or poor performance and best solutions to addressing performance problems.

By adopting a training map programme before the end of the year, Heads of Units are able to use it as a tool to improve the general performance of the Unit as well as to plan the general objectives of the Unit directly linked to the content of the training.

The aforementioned training map is mainly targeted at in-house learning activities. It allows for the development of trainings that are tailor-made to the needs of the Agency and specifically the needs of EIT staff members.

In 2022, all trainings were offered online. Examples of the general trainings which were offered to staff included: Ethics & Integrity, prevention of harassment, data protection, effectiveness in hybrid meetings, IT security awareness, and security training.

Staffing situation

Out of the 72 posts allocated according to the 2022 establishment plan, 66 posts were filled as of 31 December 2022. Out of the 6 posts that were vacant on 31 December 2022, four were TA (AD) positions, one was a TA (AST), and 1 was a CA position. While recruitments are ongoing, the vacant positions are typically filled by interim staff.

Implementing rules and HR policies

The EIT adopted the following HR implementing rules over the course of 2022:

- GB Decision 09/2022 concerning the function of the adviser.
- GB decision 15/2022 on the adoption by analogy of the commission decision c(2022) 1788 on working time and hybrid working.
- GB Decision 29/2022 on laying down implementing provisions on the conduct of the administrative inquiries and disciplinary proceedings.

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[24] EIT has concluded a framework contract for interim service in 2019.

In addition, the EIT adopted a contract duration policy which sets out details on the duration of contracts at the EIT as well as the criteria used for contract renewals.

2.6 Strategy for efficiency gains

The EIT has been striving to achieve efficiency gains for many years now in order to address its structural under-staffing, which has been confirmed by the European Court of Auditors. The EIT introduced dedicated IT systems by the end of 2016 to improve the efficiency of budget planning and to introduce paperless finance workflows. In 2017-2019, the EIT also introduced Commission IT tools such as ARES for document management, SYSPER for HR management, and outsourced its Accounting Officer function to the European Commission. In 2022, new IT tools supporting EIT administrative operations were launched with the ultimate objective of increasing the operational efficiency and effectiveness of the organisation. These include the procurement tool PPMT, Q-Sign (electronic signature), and the introduction of various modules of SYSPER.

The EIT has successfully continued to maintain a highly competent and high performing staff. This is due to consistent improvements of its recruitment practices, but also substantial efforts regarding staff management and staff retention through the recent reorganisation, an improved work environment, efficient and effective ways of working, and the introduction of impactful social policies.

The EIT uses several of the Commission's framework contracts for ordering services to achieve efficiency gains in its procurement activities. In addition, the EIT has a Memorandum of Understanding with CEPOL, also located in Budapest, covering several joint activities like joint trainings and courses or a joint medical tender concluded in 2018. Furthermore, the EIT and CEPOL have carried out a joint public procurement procedure for IT services. In 2022, CEPOL helped the EIT prepare to join the European Union Agency Network Troika.

Several new operational activities including development of the KICs' joint IT platform and preparations for EIT InnovEIT 2022 were further outsourced to the KICs.

New logistics and communications support contracts were signed to support the work of the EIT staff.

Representatives from other EU agencies were also invited to provide internal trainings on EIT premises and at EIT House, specifically Ethics & Integrity and Anti-fraud training to the KICs. This action contributed to reducing the amount of budget allocated to the EIT trainings.

To increase the efficiency of its grant operations, the EIT commenced implementing its transition from H2020 to Horizon Europe in 2021 and concluded it in 2022. The process was implemented in close collaboration with the EC. In 2022, the EIT fully transitioned into a multiannual funding model and introduced a cascading and portfolio implementation model, which increases the efficiency and effectiveness of EIT operations. The completed transition included a full transition to HE IT systems.

By means of the Governing Board Decision, the Internal Audit Capability (IAC) function at the EIT was abolished for the sake of efficiency with date of effect 1 April 2022, after which the IAC function was transformed into an additional means by which to monitor KICs. Currently, the internal auditing function is performed by the Commission's internal auditor (Internal Audit Service), whose tasks include assessing the suitability and effectiveness of internal management systems and the performance of units in implementing programmes and actions with reference to the associated risks and by assessing the efficiency and effectiveness of the internal control and audit systems applicable to each operation for implementation of the budget of the EIT.

In 2022, the EIT organisational set-up was further adjusted. The main objective of the restructuring process was to be better aligned with the 2021-2027 EIT SIA and the EIT's Annual Work Plans to increase the operational effectiveness and efficiency of the organisation, adjust the operational model to the revised multiannual and cascading funding model, and support the EIT Governing Board in executing its monitoring and supervision functions. The new organisational structure of the EIT was announced by the Director with effect on 1 July 2022. With this, the EIT achieved a major milestone with the organisational structure entering into force and being fully aligned with the new strategic objectives and priorities.
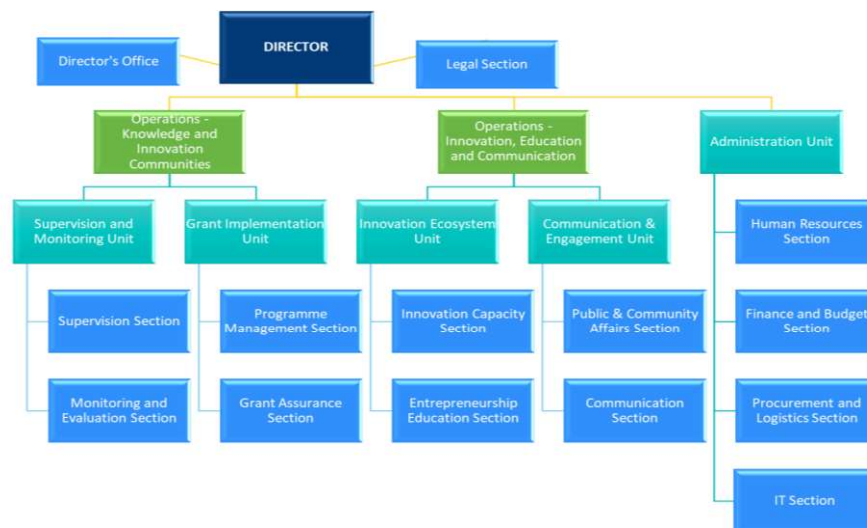
Furthermore, in 2022, the EIT implemented the following actions with a view to achieving further efficiency gains and successfully implementing its work programme in the new programming period 2021 -2027:

- Further outsourcing of some activities (via experts, consultants, shared services, cross-KIC).
- Sharing services with other agencies or outsourcing some services (e.g., archiving, IT security, EUAN Chair, etc.).

Wider and targeted use of interim and intra-muros staff and trainees, an additional request for national experts and Commission secondments.

Despite all efforts, the staffing situation is not sustainable in the long run and would have to be addressed without any delay.

The EIT's mission to increase European sustainable growth and competitiveness by reinforcing the innovation capacity of the EU and Member States can strongly contribute to the top priorities of European Commission. The **EIT can specifically make major contributions to the "European Green Deal", the "Economy that works for people", and the "Europe fit for the digital age"** by accelerating innovation and integrating business, research, and education to address the societal challenges that the EIT Community addresses. The EIT also contributes directly to other priorities of the Commission through its innovation communities, which, among others, cover digitalisation, sustainable energy, and climate change. It has demonstrated a track record of delivering impact results over the past 13 years and demonstrated its ability to adapt to new challenges. Some examples are: its rapid and successful COVID-19 pandemic response in 2020, the launch of new initiatives such as a cross-KIC project on the New European Bauhaus, or its support to the Ukrainian innovation ecosystem after the Russian invasion of Ukraine. However, structural problems surrounding the EIT's human resources limit the EIT's potential

to fully deliver on its mission. Without additional resources, it cannot implement the new tasks allocated to it and exploit opportunities for new innovative activities.

The EIT's tasks have been growing significantly over the past years. While the EIT managed three KICs from 2010 to 2014, two new KICs started their operations in 2014, another one was designated in 2016, two in were designated 2018, and a new one was designated in 2022. The amount of grant managed by the EIT has increased from EUR 26 million (2010) to EUR 497million (2021). The number of beneficiaries (KIC Partners) has increased from 73 (2010) to more than 3 000 (2022). This naturally led to additional work to ensure the legality and regularity of transactions and compliance with the principles of sound financial management. In addition, the EIT has taken on new activities to develop its strong innovation potential, to support the KICs' financial sustainability, the **EIT Regional Innovation Scheme**, and outreach and synergies with other programmes (including inter alia Member States and the Western Balkan countries). Following its education review, the EIT has also identified further potential avenues where it could lead the transformation of human capital in Europe. This includes widening its education and training programmes beyond degree level education through the Higher Education Institutions initiative and **contributing to the skills agenda** and talent support in the areas of entrepreneurship and innovation (following the example of the European Battery Alliance Academy).

Adopted in July 2022, the European Commission's **New European Innovation Agenda** (which seeks to position Europe at the forefront of the new wave of deep tech innovation and start-ups) marked the EIT as one of the key actors contributing to EU innovation flagship initiatives such as the EIT Deep Tech Talent Initiative, Deep Tech Innovation Valleys, Innovation Internships, and the Women Entrepreneurship and Leadership schemes.

The EIT Strategic Agenda 2021-2027 has reinforced and enhanced the EIT's mandate. However, creating new KICs (such as **EIT Culture and Creativity**), the implementation of the **pilot action to increase the innovative capacities of Higher Education Institutions,** a reinforced role in the EIT RIS, and new tasks resulting from the New European Innovation Agenda should also see an increase in the current staffing capacity.

The new tasks were not followed by additional resources as presented in the table.

EIT new tasks vs new posts 2021-2027

New EIT tasks under SIA 2021-2027	Additional posts approved by EU (beyond 70)
Two new KICs (CCSI, Water) – ca. EUR 300 million	0
EIT HEI Initiative (pilot 2021-2023) – ca. EUR 90 million	0
Enhanced Regional Innovation Scheme mandate and cross-KIC, Ukraine support	0
Overall Budget increase 25% compared to 2014-2020 (now ca. EUR 3 billion) and increased KIC supervision/monitoring	0
Enhanced EIT Governance (MSRG, GB/ExCo size increased and enhanced supervision role)	0
EIT National Contact Point network created and managed	0
Increased synergies (i.e., EIC, EUIPO, EUAN)	0
European Battery Alliance Academy 2021-2024 (DG EMPL – 10 MEUR)	1
Additional third country budget contributions to Horizon Europe	1

| New European Innovation Agenda (Deep Tech Talents Initiative, Girls Go Circular, Innovation internships) | 0 |

This issue was analysed by the European Commission's Internal Audit Service ('IAS') when performing an audit on human resources management at the EIT in 2020/2021. The IAS auditors evaluated various aspects of the staffing level in the EIT and benchmarked them to comparable organisations. Among European Union institutions, six executive agencies and two joint undertakings were identified as suitable for comparison. [25] All selected organisations have grant management (direct management) and related activities (e.g., policy feedback) as their main operational processes. Each of these entities have different characteristics such as organisation and governance, size, budget, complexity, and diversity of the programme portfolio managed. As a result, the exercise enabled the IAS to gain understanding of the context and provide meaningful insight into the EIT's staffing issue. The auditors conducted an examination using two aspects (ratios) that were also used in the performance evaluation of the executive agencies in terms of human resources management and cost-effectiveness:

a) programme management cost-efficiency (the ratio between the administrative and operational budgets for payments)
b) budget per head (funds managed per person)

To address the structural problems identified above, and to be able to effectively carry out the new tasks described above and to manage the growth of existing tasks, the EIT requests the approval of 10 additional establishment plan posts from 2024 onwards. This request already takes into account that already in 2022, to be institutionally fit for purpose, the EIT adjusted its organisation within the current establishment plan to reflect its objectives and strategic priorities under the new Strategic Innovation Agenda 2021-2027 (adopted in May 2021).

2.7 Assessment of audit results and ex-post evaluations during 2022

2.7.1 Internal Audit Service (IAS)

In 2022 Internal Audit Service carried out two assignments.

In October 2022 IAS started preparations of the 2023 – 2025 Internal Audit Service (IAS) strategic internal audit plan for the European Institute of Innovation and Technology (EIT). The plan is based on the results of our risk assessment which consisted of remote audit work, including meetings and interviews with the EIT staff carried out in December 2022, a desk review of the information available and documents provided by the EIT. Follow up requests for additional information and further interviews were carried out in February 2023. The final report was shared with the EIT in April 2023.

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[25] The Consumers, Health, Agriculture and Food Executive Agency (CHAFEA), the Executive Agency for Small and Medium-Size Enterprises (EASME), the Innovation and Networks Executive Agency (INEA), the Education, Audiovisual and Culture Executive Agency (EACEA), the Research Executive Agency (REA), the European Research Council Executive Agency (ERCEA), the Innovative Medicines Joint Undertaking (IMI JU) and the SESAR Joint Undertaking (SESAR JU). The joint undertakings selected are the largest, the most comparable in terms of size to the EIT. The other JUs are very small in size.

The IAS audit on management of experts in the European Institute of Innovation and Technology (EIT), carried out in 2022 was concluded in April 2023. The objective of the audit was to assess if the internal control system set-up for the expert management process (selection, contracting and payment) in the EIT:

- is adequately designed and effectively implemented to ensure that the experts selected adhere to the criteria (in terms of experience, skills, knowledge, and independence) defined for the fulfilment of their tasks.
- ensures compliance with the applicable rules.

The scope of the audit covered the assessment of the applicable rules, procedures and guidelines and controls in place to: identify the experts' profiles sought (drafting requirements, accessing relevant databases, etc.); select the experts in the EIT; monitor the selection of experts by the KICs; identify and manage possible (perceived) conflict of interests; ensure the rotation of experts; design and administratively process contracts including the experts' remunerations, and reimbursement of travel and subsistence costs, monitor and supervise the work of experts, ensure consistency in the way contracts are managed and weaknesses addressed.

The Internal Audit Service communicated on its contribution to the 2022 Consolidated Annual Activity Report process of the European Institute of Innovation and Technology (EIT). According to the communication from 31 January 2023, there was one significantly delayed and open recommendation. The recommendation was a follow up of the Human Resources Management audit from 2021. The recommendation categorised as important concerned the appraisal and reclassification exercise. The implementation of the recommendation has been delayed by 15 months. The following risks were indicated: risk of the appraisal and reclassification exercises being carried out with large delays and becoming ineffective and lose relevance; risk of incorrectly justified management decisions being erroneous and challenged in review procedures or before the court; risk of staff dissatisfaction and demotivation due to fast reclassification of some staff members; risk of the Joint Reclassification Committee not fulfilling its role which makes the review procedure ineffective; risk of the reclassification exercise as a whole as well as the review mechanism (safeguard) in particular losing its credibility for the staff and resulting in demotivation.

2.7.2 Internal Audit Capability (IAC)

By means of the Governing Board Decision 12/2022 on the improved EIT audit environment and transition of the Internal Audit Capability (IAC) 2022, the IAC function at the EIT was abolished with date of effect 1 April 2022, after which, the IAC function was transformed into an additional capacity to monitor KICs.

Currently the internal auditing function is performed by the Commission's internal auditor (Internal Audit Service), which tasks include assessing the suitability and effectiveness of internal management systems and the performance of units in implementing programmes and actions by reference to the risks associated with them and assessing the efficiency and effectiveness of the internal control and audit systems applicable to each operation for implementation of the budget of the EIT. Furthermore, the role of the Internal Control Coordinator was strengthened, and its tasks include coordinating internal control activities and reporting at the EIT, including implementation of the audit recommendations; coordinating audits (inputs) and liaising with external auditing bodies; and contributing to the financial and operational management in the area of responsibility, including procurements, implementation of contracts, payments and reporting.

In April 2022 the IAC finalised the Audit on Communications. The IAC concluded that the evaluated controls to ensure that EIT external communications, stakeholder relations and dissemination are adequately designed and effective, except for the following very important weaknesses:

- Verification whether grantees fulfil their obligations to disseminate, exploit and communicate the results of EIT grant projects (finding 1).

- Strategy to identify, codify, share and disseminate learning and good practices emerging from EIT funded activities to KICs and the Union considering resource constraints (finding 2)

- Coordination of the EIT Community's communication and stakeholder relations (finding 3)

- Communications and stakeholder relations strategy (finding 4)

- Transparency and access to documents (finding 5)

The audit report included 10 other observations, including 4 rated as important 6 as desirable (issues for consideration). The implementation of the agreed Action Plan started in 2022.

In June the 2022 Compliancy Validation of User Access Right Granted in ABAC at the EIT was finalised by the IAC. The objective of the exercise was to identify the ABAC Workflow module authorisations errors, which were followed up.

2.7.3 European Court of Auditors (ECA)

Financial (discharge) audit on year 2021

The European Court of Auditors published its annual audit report on the EIT on 27 October 2022, **issuing an unqualified (clean) opinion stating that "**_the EIT's accounts present fairly, in all material respects, the EIT's financial position as of 31 December 2021 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector_**"**. In the opinion of the ECA "_the revenue underlying the accounts for the year ended 31 December 2021 is legal and regular in all material respects_" and "_the payments underlying the accounts for the year ended 31 December 2021 are legal and regular in all material respects_"[26].

Based on the audit report, the CONT Committee of the European Parliament voted, on 05 April 2023, **in favour of granting discharge to the Director of the EIT in respect of the implementation of the EIT budget in 2021.**

ECA observations from 2021

In ECA's opinion, the EIT's **accounts** present fairly, in all material respects, the EIT's financial position as of 31 December 2021 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by the Commission's accounting office. These are based on internationally accepted accounting standards for the public sector. Regarding the legality and regularity of **revenue** underlying the accounts, the ECA is of the opinion that the revenue underlying the accounts for the year ended 31 December 2021 is legal and regular in all material respects. Also, according to the ECA, the **payments** underlying the accounts for the year ended 31 December 2021 are legal and regular in all material respects.

Observations on management and control systems - For two audited payments, the EIT had authorised the related budgetary commitments only after the contracts were signed. This goes against Article 73(2) of the Framework Financial Regulation.

The EIT has taken note of the Court's observation. As from the 2023 grant cycle, the EIT will use the standard Horizon Europe IT tools of the European Commission to manage grants (eGrants), where appropriate internal

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[26] Annual report on EU agencies for the financial year 2021 (europa.eu)

controls preventing similar errors are embedded in the system. The relevant EIT Standard Operating Procedure for financial circuits will be updated to reflect the changes.

<u>Follow-up of previous year's observations</u>

No.	Year	The ECA's observations
1	2017	The KICs did not fully use the grant amounts awarded by the EIT. **ECA note**: N/A
2	2017	The EIT publishes vacancy notices on its own website and on the DG HR website, but usually not on the website of the European Personnel Selection Office (EPSO). **ECA note: Completed**
3	2016/2019	The increase in the EIT's budget and the growing number of KICs to oversee have not been accompanied by a respective increase in the number of posts. **ECA note**: Outstanding. Not under the Institute's control.

2.8 Follow up of recommendations and action plans for audits and evaluations and recommendations issued following investigations by OLAF.

In 2022 the EIT has taken a series of steps in order to take stock and follow-up open audit recommendations.

Based on the review of implementation status performed in October 2022 [27] , out of the **58 open recommendations**, 19 have been implemented and/or closed:

As a result, the total number of closed recommendations has reached 146. In addition, 11 issues have been downgraded due to partial implementation. There are no more critical issues open in 2022. As a result of the held exercise, the general overview can be presented as follows:

Rating	Rec. accepted	Closed in previous years	Closed now	Closed in total	Current rating of open issues
Critical	12	8	0	8	0
Very imp.	64	26	2	28	4
Important	63	40	3	43	10
Desirable	67	51	14	65	25
Total	206	125	19	144	39

In 2023 the EIT plans to close 20 recommendations and five action plans from the past audits. Also, the current IAC open recommendation report will be transformed into the open recommendations repository.

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[27] Ares(2022)7616951

Two recommendations were issued by OLAF following two different investigations. One out of two recommendations were implemented in the course of 2022. The remaining recommendation is in the process of being implemented.

2.9 Follow up of observations from the Discharge authority.

In response to the European Parliament decision of 04 May 2022 on discharge in respect of the implementation of the budget of the EIT for the financial year 2020, the EIT informed the Discharge Authority of follow-up actions taken and progress made in respect of observations made by the European Parliament. The following actions have been taken in order to address the observations of the European Parliament[28].

Ref.	Observation of the Discharge Authority	State-of-play and progress made by the EIT in 2022
Budget and financial management		
2	Notes, with regard to the follow-up observation in relation to the reimbursement of travel and subsistence expenses of EUR 1 200 incurred by an interim member of staff of the Institute, that in order to ensure prudence and to prevent the risk of double-funding, the Institute´s framework contract for interim staff services excludes the use of reimbursements for the representatives of contractors; notes that as a corrective measure, the Institute is in the process of adjusting its policies to cover the mission costs actually incurred by the interim agents; further notes the Institute´s reply that no missions have been carried out by its interim staff in 2020; calls on the Institute to report to the discharge authority on the future developments in this area;	Due to the pandemic EIT missions were at a minimum and no issues in relation to interim missions were detected as procedures were adjusted accordingly. As a corrective measure in 2022, the EIT has launched a new tender for contracting interim services, that covers the interim agents' mission costs and travel related aspects in order to mitigate the potential risk, which was identified in 2020.
Performance		
5	Notes, regarding the follow-up observations from previous years, that the Institute has identified opportunities to share resources, develop its synergies and increase cooperation with other Union agencies with a view to improving efficiency; welcomes, in particular, the signature in 2020 of three memoranda of understanding concerning training services, procurement practices, content sharing and HR management, with the European Intellectual Property Office, the European Insurance and Occupational Pensions Authority and the	The cooperation with the agencies accelerated, for example over 700+ participants benefited from the EIT and the European Intellectual Property Office collaboration. More information about the joint activities in 2021 can be found at: https://eit.europa.eu/sites/default/files/euipo_factsheetv5_final.pdf The EIT is collaborating with the European Union Agency for Law Enforcement Training (CEPOL) under the current Collaboration Agreement. In particular on the

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[28] Ares(2022)6748364

Ref.	Observation of the Discharge Authority	State-of-play and progress made by the EIT in 2022
	European Union Agency for Law Enforcement Training; notes, furthermore, that the Institute is interested in participating in a project implemented by the Hungarian government which aims to provide shared office facilities for all international organisations based in Budapest; calls on the Institute to report to the discharge authority on the developments concerning these partnerships;	administrative side there is a close cooperation as both Agencies are based in Budapest, Hungary, which facilitates cooperation on site (e.g., for events, recruitment panels, IT back up). The Hungarian Government's plans to provide shared facilities for international organisations has stalled since 2021 and no concrete plans have materialised.

Also, the EIT has progressed in 2021 in implementing its Memorandum of Understanding with the European Innovation Council (EIC). For example, the joint collaboration has facilitated the KICs' start-ups to join the EIC' Acceleration Programme through a dedicated Fast Track mechanism with the aim of elevating the impact of both organisations. Another example of joint collaboration is a work on developing joint actions to promote the Woman Entrepreneurship agenda.

Moreover, as of 2023, the EIT will join the Troika that governs the EU Agency Network and is playing an active role in the implementation of the EUAN strategy and further develop synergies with other EU Agencies for joint value creation, enhanced visibility and shared services.

The EIT has further synergy potential, however, these are limited by the structural understaffing of the EIT as confirmed by several independent auditors. |
| 6 | Notes that the Institute has taken actions to improve its online security and to increase its digitalisation in terms of internal operations and management procedures; calls on the Institute to report to the discharge authority on the implementation of these measures; | Starting 2021 to present, the EIT implements all the monitoring services from CERT-EU. In 2021 the EIT conducted cybersecurity audits and implemented all the recommendations. Because EIT hosts most of the records on Office365 (email, teams, OneDrive, email, visio, forms), EIT increased the measures available on Microsoft Security Center and Azure Protection, namely Bastion, Multi-Factor Authentication, LAPS, Advanced Threats Analytics. EIT also implemented all the security options available on EIT Firewall (checkpoint).

EIT has in place a General Information Security Policy to address all the cybersecurity concerns and a SoP on Access rights and Account Management. EIT did not register any cybersecurity incident in 2021. |
| **Staff policy** | | |
| 10 | Notes that in 2020 there was an increase in the workload and additional tasks, due to the transition period from Horizon 2020 to Horizon Europe; notes that an increased financial | The trend of additional tasks and mandate of the EIT continued in 2021 as under Horizon Europe, the EIT budget increased by 25% compared to Horizon 2020, reaching almost EUR 1 billion for 2021-2027. Besides the |

Ref.	Observation of the Discharge Authority	State-of-play and progress made by the EIT in 2022
	contribution of EUR 600 million was allocated in 2020 to the Institute's eight Knowledge and Innovation Communities for the implementation of their 2020 business plans; notes, furthermore, that due to the COVID-19 pandemic, the Institute launched the Crisis Response Initiative to support the Institute´s Community and the European innovation family;	establishment of two new KICs, the EIT also has enhanced Governance and Supervision structures (new Member States Representative Group, enlarged GB, additional mandatory reviews of KICs), set up a National Contact Point network, and launched a new Higher Education Initiative and enhanced its regional innovation scheme and cross-KIC cooperation programme. This increased mandate and new tasks were not matched by any new staff resources, leading to a critical situation. In 2022, the EIT also proactively launched a Ukraine support initiative for its innovation ecosystem following the invasion by Russia in February.
		Under the Horizon Europe programme, which was adopted in 2021 the EIT's request for 15 additional posts to match its enhanced budget and mandate was declined by the Budgetary Authorities. However, in the legislative financial statement it is acknowledged that 'the EIT administrative costs are very low with less than 2% of the total budget compared to the average of 4.6% reported for Horizon 2020'. Despite this efficiency and the recognized achievements, the EIT is therefore put in a highly risky situation as without adequate resources it cannot ensure that it can deliver on its new mandate and high ambition.
		Consequently, EIT Governing Board's opinion on the EIT Annual Activity Report 2021 adopted in June 2022 states that the EIT GB remains highly concerned about the continuous structural understaffing of the EIT, as also confirmed by several independent auditors including the European Court of Auditors. Equally, The European Commission's in Internal Audit Service in its role as Internal Auditor of the EIT commented in one of its latest audit reports on HR at the EIT that structural understaffing brings the risk of irregularities and heavy workload which "is believed to be leading to tensions, sickness and impossibility to implement the EIT's multi-annul work programme and provide assurance on the managed funds".
		In 2022, the fact the Budgetary Authorities of the EU again declined all requests of the EIT to match its increased budget, mandate and tasks 2021-2027 with adequate staff resources regardless of the significant operational, financial and health risks for the EIT's objectives, staff and work environment. In 2022, the EIT introduced further efficiency gains, including a reorganisation in order to reduce its requests for additional staff to 12 as absolute minimum necessary to deliver on its work programme in 2023. The EIT is currently awaiting the outcome of the budget and staff resource negotiations of the Budgetary Authorities for 2023. The EIT draws the attention of the European Parliament to this critical situation and to the unaddressed concerns of the EIT highlighting once again the operational, financial and health risks that this creates for the EIT, as also reported by the EIT Director in his latest Annual Activity Report 2021.

Ref.	Observation of the Discharge Authority	State-of-play and progress made by the EIT in 2022
11	Notes from the Court's report that the implementation of an observation stemming from 2017 regarding the publication of vacancy notices is still ongoing, since the Institute does not consistently post its vacancies on the website of the European Personnel Selection Office;	The EIT's HR team now ensures publication of all vacancy notices on the website of the European Personnel Selection Office.
Internal Control		
17	Notes that, according to the Institute´s internal audit capability report, out of 69 recommendations in the scope of the follow-up audit, 28 open recommendations have been closed, 7 open recommendations have been downgraded, and 1 open recommendation concerning IT access management following the 2016 IT Audit has been upgraded to critical; calls on the Institute to consider this critical risk in its assessment of the internal control system as a potential weakness in principle 11;	EIT draws attention to the fact that in 2021 the EIT has taken a series of steps in order to take stock and follow-up open audit recommendations. Significant actions were taken to improve the management of monitoring, conflict of interest, IT document management, budget management and the management of access rights to the EIT`s financial system ABAC. Based on the review of implementation status, 29 open audit recommendations were closed. As a result, the total number of closed recommendations has reached 125. In addition, 20 issues have been downgraded due to partial implementation. No critical issue remained open.
18	Notes that no major weaknesses were found in any of the Institute's internal control system components that could jeopardise the achievement of operational, financial or control objectives and prevent the director from signing his declaration of assurance; notes, however, that some further improvements are needed, regarding principles 12 and 17 which fall under category 2, notably by reducing the delay in the planned pace of the open recommendations' implementation and by decreasing communication time of the corrective measures taken in 2020;	In 2021 the EIT have taken corrective measures to improve the internal control systems in line with principles 12 and 17. Regarding principle number 12, and as mentioned above in 2021 the EIT have closed 29 open audit recommendations and 20 issues have been downgraded. The EIT management is working on ensuring that all open audit recommendations are addressed and closed. Furthermore, as regards principle number 17, to be noted that the EIT management communicates actively and discusses the internal control continuous and specific assessment, the state of play to the Governing Board through the Audit Committee meetings. At same time, during 2021, it was identified by the EIT Internal Control Coordinator that the pace of communication and taking corrective action(s) by the responsible staff members has been significantly reduced in comparison with 2020, taking in most cases less than 30 calendar days from drafting stage to final approval by the authorising officer.
Other comments		

Ref.	Observation of the Discharge Authority	State-of-play and progress made by the EIT in 2022
22	Recalls the importance of increasing the digitalisation of the Institute in terms of internal operation and management but also in order to speed up the digitalisation of procedures; stresses the need for the Institute to continue to be proactive in this regard in order to avoid a digital gap between the agencies at all costs; draws attention, however, to the need to take all the necessary security measures to avoid any risk to the online security of the information processed; calls on the Institute to speed up the development of its cybersecurity policy and to inform the discharge authority once it has been completed;	EIT hosts most of the records on Office365 (email, teams, onedrive, email, visio, forms), EIT increased the measures available on Microsoft Security Center and Azure Protection, namely Bastion, Multi-Factor Authentication, LAPS, Advanced Threats Analytics. EIT uses EC tools as ARES, ABAC, SYSPER, SAP, COMPASS, EMI and e-Grants as of 2022. As mentioned above, EIT has in place a General Information Security Policy to address all the cybersecurity concerns and a SoP on Access rights and Account Management. EIT works closely with CERT-EU and did not register any cybersecurity incidents in 2021.

2.10 Environment management

The EIT strives to **become a climate neutral agency** by operating as sustainably as possible to contribute to the European Union's ambition (European Green Deal) of becoming climate neutral by 2050.

Therefore, the EIT is taking a series of steps towards impactful environment management and will disseminate such measures in the EIT Community while tracking the societal impact of the EIT Knowledge and Innovation Communities (KIC). **The EIT is Europe's largest innovation ecosystem and a leading instrument under Horizon Europe to tackle climate change and related challenges.** EIT KICs are contributing to achieve sustainable development goals (SDGs).

For example, EIT Climate-KIC is working to accelerate the transition to a zero-carbon economy. It identifies and supports innovation that helps society mitigate and adapt to climate change. Through innovation project scaling, it uses start-ups as vehicles for replacing dirtier technologies for cleaner ones. And through wider diffusion of its boosted KTI innovation model, by 2027 the EIT Climate-KIC aims to have:

1. Helped Europe avoid over 500 million tonnes (CO2eq) of emissions, and

2. Strengthened the resilience of 10 million people to the impacts of climate change.

Other KICs focusing on sustainable energy, food, urban mobility, raw materials and manufacturing also address the climate crisis with large parts of their activities. Altogether the EIT contributed an estimated EUR **1.2 B to reach climate related adaptation/mitigation targets during 2014-2022.**

The EIT annually assesses and **monitors the performance** of its Knowledge and Innovation Communities and the EIT Governing Board allocates funding based on the results and impact achieved. KICs are also subject to 3, 7, 10 and 15 year comprehensive reviews on their impact. Additionally, the EIT adopted the Simplified Impact Framework by the Decision 08/2022 of the Governing Board of the EIT, in which **KPIs track the societal impact of KIC activities,** such as:

❖ EIT grant invested in climate action, biodiversity, clean air, digital transformation, health, sustainable development.

The indicator will be estimated based on the "RIO markers" methodology developed by OECD. The values (0%, 40%, 100%) will be reported at portfolio level.

❖ Impact of KICs on achieving Sustainable Development Goals

This indicator will assess the impact that KICs had through their activities on achieving the specific SDGs.

The **EIT** actively contributes to impactful environment management by taking environmentally conscious measures regarding its premises and staff. The main progress/result archived in 2022 are:

• The amount of GHG emissions originating from the EIT's operation in the year 2022 was **251 tons of CO2 equivalent.** The corporate carbon footprint report of the EIT for 2022 used CLIM'FOOT, a tool developed from the Bilan Carbone® method. The emission intensity of 3.13 tons of CO2e per EIT staff member corresponds to an average figure in Europe for an office-based employee.

• The first edition of the **EITree**, a social and sustainability event of the EIT happened in October 2022 where the EIT staff planted 30 trees *(Acer pseudoplatanus, Fraxinus ornus)* in an urban area and ensured their maintenance for 3 years. An average tree can neutralize 25 kg CO2e/year. In the case of an average 40-year lifespan, this amounts to approximately 1 ton.

• In 2022 the EIT formed the **EIT Sustainability Committee** to accelerate reaching its goal of becoming a climate neutral agency and became active member of the **EUAN Greening Subnetwork** to strengthen inter-agency cooperation.

Continuing actions in 2022:
- By 2025 it is planned to reduce travel by at least 40% compared to 2019.
- The EIT has phased out the use plastic water bottles or paper cups, installing water filtering machines, thus reducing their use by 100%.
- The EIT took further action to reduce paper use in the office through the introduction of electronic paperless systems (i.e., Sysper, ARES, Bluebell already in use).
- The EIT aims to reduce the use of electricity by 30% through the utilisation of energy saving office equipment.
- The EIT incentivises its staff members to also contribute to the reduction of CO2 emissions, via targeted social policies, such as the use of public transport rather than cars (subsidising public transport tickets).
- The building hosting the EIT's office has a **LEED SILVER** certificate issued by US Green Building Council.

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2.11 Assessment by Management

The EIT Grant Assurance Strategy relies on the following building blocks of assurance:
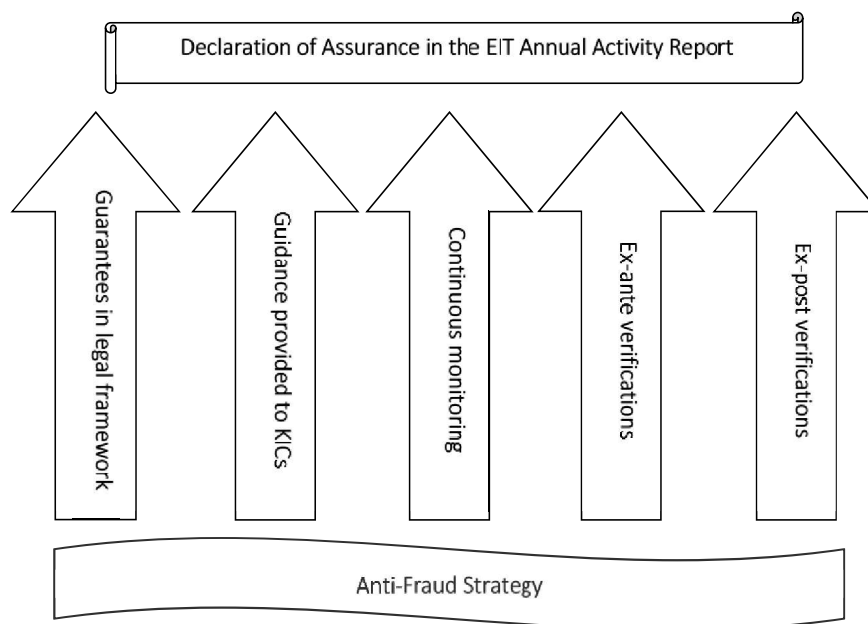
Ex-ante measures applied to grant transactions.

The EIT consistently carries out **ex-ante verification of both commitment and payment transactions**. To ensure full compliance, any changes in the legal framework and model grant agreements are taken over by the EIT and incorporated in the Partnership Agreements (PA) and Grant Agreements (GA) signed with KICs. In 2022, relevant guidelines were made available providing detailed instructions to KICs, for example, guidelines and templates for the 2023-24/25 KIC BPs, Cross-KIC activities and HEI proposals and for the 2021-22 GAs final reporting. To avoid compliance issues, any doubts as regards interpretation of the legal provisions are regularly discussed with KICs as part of the EIT-KIC Forum and Task Force Simplification meetings. Furthermore, the EIT falls under the scope of the HE Mutual Insurance Mechanism (MIM) which is an additional financial risk mitigating measure.

In 2022, **interim payments** for the 2021-22 GAs with eight KICs were executed. The EIT performed the technical and financial assessment of all interim reports to assess the adequacy of the progress of the implementation of BPs and to establish the grant amount due. In line with its EIT's Grant Assurance Strategy, in terms of cost eligibility, the EIT relies mostly on Certificates on the Financial Statements (CFSs) issued by independent auditors. In order to address deficiencies observed previously in the quality of the CFSs, since 2016 the CFS audit exercise has been centralised, i.e., audit companies performing the CFS audits have been contracted by the EIT directly or by EIT InnoEnergy under EIT Cross-KIC Shared Services, instead of letting the individual beneficiaries/ affiliated entities to contract the auditors. Considering that the corporate methodology applicable under HE was not yet developed by the Commission services, the EIT in agreement with the Commission and in cooperation with an audit company adapted the existing H2020 CFS methodology and the agreed upon procedures according to the HE rules. For the interim report of the GA 2021-22, the CFS auditors were contracted by EIT InnoEnergy within the Shared Services Cross-KIC activity. All exceptions and weaknesses identified by CFS auditors were followed up with KICs during the ex-ante assessment process, which led either to the acceptance of the costs reported following the receipt of further supporting evidence, or alternatively cost rejections made by the EIT. In addition, the EIT checked the respect of thresholds of EIT funded part of KIC management staff costs; any excess detected led to cost rejections.

Details of the expenditure claimed by the KICs and assessed by the EIT within the ex-ante verification of grants for 2021 are shown in the following table:

	EIT Climate-KIC	EIT Digital	EIT Inno Energy	EIT Health	EIT Raw Materials	EIT Food	EIT Urban Mobility	EIT Manu-facturing	TOTAL
EIT-financed KAVA cost reported (MEUR)	54.5	54.1	85.3	66.3	89.8	56.7	32.5	41.6	**480.7**
EIT grant requested (MEUR)	30.6	34.2	38.7	55.1	56.7	46.0	28.4	29.5	**319.2**
EIT grant approved (MEUR)	30.6	30.8	38.6	54.6	56.7	46.0	28.4	29.5	**315.3**
EIT grant approved (% of grant requested)	100.0	90.0	99.8	99.1	100.0	100.0	100.0	100.0	**98.8**
KAVA cost covered by CFS (MEUR)	21.7	24.6	73.2	39.6	39.4	41.7	19.9	22.6	**282.9**
KAVA cost covered by CFS (%)	39.9	45.6	85.9	59.8	43.9	73.7	61.2	54.3	**58.8**
Cost rejection based on financial assessment (MEUR)	0.3	0.1	0.3	1.6	0.1	0.3	0.0	0.9	**3.7**
Ineligible costs (%)	0.6	0.2	0.4	2.5	0.1	0.5	0.1	2.2	**0.8**

Taking into consideration the high coverage and the generally good quality of the CFSs, combined with the additional checks carried out by the EIT, **it can be concluded that the assurance provided by the EIT ex-ante assessment as regards the legality and regularity of grant expenditure is reasonable**.

Ex-post verification of grants

To obtain reasonable assurance on the legality and regularity of expenditure reported by the KICs and with a view to detecting and correcting errors, the EIT developed and implemented an **ex-post audit strategy**. This complements ex-ante controls embedded in the KICs' grant management processes.

Ex-post audits of 2021 cost reports relating to EIT-KIC GAs were performed by external service providers (two selected using a Framework Contract of the European Commission and one through a separate procurement process due to conflict of interest). Considering that the indicative audit programme under HE was not yet developed by the Commission services, the EIT in agreement with the Commission and in cooperation with an audit company adapted to the HE rules the existing H2020 ex-post methodology and the agreed upon procedures with EIT-specific elements added. The external auditors carry out the audits and report to the EIT on the results. For the 2021 costs incurred within the 2021-22 GAs, 30 beneficiaries/ affiliated entities (2 for EIT Climate-KIC, 4 for EIT Digital, 4 for EIT InnoEnergy, 5 for EIT RawMaterials, 5 for EIT Health, 4 for EIT Food, 3 for EIT Manufacturing and 3 for EIT Urban Mobility) were selected for ex-post audits. In order to ensure representativeness, the entities in the sample were selected by applying the monetary unit sampling method. As a second stage, for each entity, a sample of 6 cost items was selected for testing (except for one entity with 5 cost items and two entities with 4 cost items selected). The sampling was done in collaboration with the European Court of Auditors, which relies mostly on the results of ex-post audits when drawing its opinion on the legality and regularity of grant implementation by the EIT.

PART III – EXTERNAL EVALUATIONS

In 2022, the first stage of Horizon Europe mid-term evaluation was launched which covered mainly Horizon 2020 assessment. EIT was part of the following studies:

- Green Transition: relevance, efficiency, effectiveness of H2020 activities in which EIT Climate-KIC, EIT Food and EIT InnoEnergy were featured.
- Resilient Europe: effectiveness and added value of EIT Health, impact of supported companies on the performance of the regions (with a dedicated case study on EIT Health).
- Digital and Industrial Transition: relevance, efficiency, effectiveness of H2020 activities, featuring EIT Digital and EIT Raw Materials.
- Innovative Europe: systematic assessment of Pillar III activities and collaboration between all its instruments encompassing EIT and all KICs.

The evaluation is ongoing and the reports from the above studies will be finalised and published in 2023.

PART IV – ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

4.1 Effectiveness of internal control systems

Compliance and effectiveness of the Internal Control Framework

The EIT uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the 17 internal control principles and has due regard to risks associated with the environment in which it operates.

In January 2020, the EIT Governing Board adopted Decision 01/2020 on the Internal Control Framework of the European Institute of Innovation and Technology[29], which is largely based on the European Commission's Internal Control Framework ('ICF') with limited adjustments to the EIT context.

On 7 November 2020, the EIT adopted decision 19/2020 on the annual assessment of the internal control system (ICS) at the EIT, defining the indicators to be used for assessing the implementation of the new ICF based on the indicative list provided by the Commission, thus setting up the targeted baselines for the 2020 to 2022 assessment exercises.

The 2022 assessment exercise was performed in Q1/2023 and Q2/2023 with the results listed in the current report. It was based on the following main sources of information[30]:

✓ Assessment of the **internal control indicators** and the specific actions implemented by the EIT contributing to each principle.
✓ Evaluation of **audit findings and follow-up of recommendations**.
✓ Results of the **risk assessment exercise(s).**
✓ Analysis of **registered non-compliances and exception events** that may reveal underlying deficiencies.
✓ **Fraud prevention and detection** measures.

Risk Management

The EIT implements the risk assessment exercise as part of the annual programming cycle. For each of the risks identified, mitigating action(s), action owners, and deadlines for these actions are agreed on and recorded in the EIT's Risk Register 2022[31]. Significant and critical risks assessed above the acceptable risk level from an overall EIT perspective are indicated in the EIT Single Programming Document and followed up in the Consolidated Annual Activity Report. An update of the 2021 identified risks took place in July 2022[32].

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[29] Ref. Ares(2020)616311 of 31/01/2020
[30] The outcome of the self-assessment survey is not considered for the ICC conclusion since it is not representative: only 36% of all EIT staff responded to the launched survey.
[31] Ares(2022)5495154
[32] Ares(2022)5495154

The following main risks were considered as having a high likelihood of occurrence and significant impact on the EIT's activities in 2022 (according to the 2022 risk register mid-term review):

- ***Non-implementation of core elements of EIT Annual Work Programme 2022 due to insufficient human resources – critical risk (1)***

The risk related to the operations area has been identified by the EIT since 2017, and it has remained at a critical level over the years as the EU institutions (as part of the EU budget negotiations) have not provided the EIT with the staff resources that would allow it to deliver on its mandate and objectives. In the meantime, the EIT has taken measures to mitigate the risk by prioritising certain tasks and managing of stakeholder's expectations, providing support to staff to improve the work environment, outsourcing some operational activities (such as IT and communications), and continuously requesting additional resources from the Budgetary Authority. Notwithstanding the EIT's repeated requests, the Commission's proposal to the European Parliament and the Council did not take onboard the EIT's requests but has essentially frozen the total number of staff at 72 for the new programming period 2021-2027. Despite that the EIT requested additional posts to be able to deliver on its substantially increased mandate and budget of EUR 3 billion (e.g., the launching of two new KICs in 2021-2027 and a new Higher Education Initiative, among other tasks). The legislative financial statement did acknowledge that '*the EIT administrative costs are very low with less than 2% of the total budget compared to the average of 4.6% reported for Horizon 2020*[33]'. In addition, the European Commission adopted in July 2022 its New European Innovation Agenda, which seeks to position Europe at the forefront of the new wave of deep tech innovation and start-ups and marked the EIT as one of the key actors contributing to the EU innovation flagship initiatives such as the EIT Deep Tech Talent Initiative, Innovation Internships, and the Women Entrepreneurship and Leadership schemes.

The EIT has signalled to the Budgetary Authorities that it is not able to take on new tasks under the current staffing without major risks for the EIT's operations, financial management, and staff health. As no additional staff resources have been granted despite the repeated requests and justifications provided, the EIT continues to be constrained in delivering on its full potential for delivering innovations that address the EU's major societal challenges.

These major risks are acknowledged by the European Court of Auditors and the Commission's Internal Audit Service, which also acts as Internal Auditor of the EIT. The IAS reported in an audit of the EIT's Human Resources the high likelihood of irregularities due to understaffing and the EIT staff's heavy workload which *"is believed to be leading to tensions, sickness and impossibility to implement the EIT's multi-annul work programme and provide assurance on the managed funds[34]"*.

In order to mitigate these high risks, in 2022 EIT management finalised the revision of its organisation structure for a more balanced workload distribution and to reap efficiency gains where feasible. In addition, the EIT continues to request 10 posts to address minimum needs and continued its efforts to reinforce the operational teams' monitoring and supervision capacity.

- ***Improper implementation of EIT-KIC agreements given the complexity of the KIC concept in combination with the transition to Horizon Europe. (2)***

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[33] COM (2019) 331 final, 11/7/2019, page 42.
[34] Ref. Ares(2021)3481454 of 26/05/2021.

This identified risk related to the operations area is linked to the legality and regularity of the EIT-KIC agreements implementation. The EIT's operational team worked on significantly reducing this risk by ensuring that the grant management processes were predictable and supported by existing IT systems for the 2021 KIC report assessment and 2022 grant allocation and amendments. The EIT strengthened its KIC supervision and monitoring for 2021-2022 business plan activities and worked on the reinforcement of its operational capacity, finalising mid-2022 the IAC transition to a monitoring function (see risk on "*Non-implementation of core elements of EIT Annual Work Programme 2022 due to insufficient human resources*"). The likelihood of the risk occurrence is considered to be high.

- *Grant implementation does not contribute to the achievement of strategic objectives laid down in the EIT legislative package, due to the lack of coordination and consultation within the EIT and with the EC. (3)*

The risk relates to the planning processes and systems and is mitigated by regular coordination meetings organised with relevant EC counterparts and regular reports to the EIT Governing Board (at least twice a year the Board is informed of achievements towards the EIT's strategic objectives) as planned in the AWP of the EIT and EIT strategies and methodologies (monitoring strategies, BP assessment or report assessment methodologies). The impact of the risk is assessed as extreme.

- *Under-implementation of the HEI initiative, due to the ongoing development process and low level of absorption by KICs (4)*

The implementation of the HEI Initiative: Innovation Capacity Building for Higher Education started in 2021. As part of the EIT's new strategy, the EIT Strategic Innovation Agenda (SIA) 2021-2027, it aims to support higher education institutions with expertise and coaching, access to the EIT innovation ecosystem, and funding, enabling them to develop innovation action plans complementing the needs of individual higher education institutions. The implementation of the initiative started with the pilot. In order to address the risk of the early-stage implementation process of the new programme and the low level of absorption capacity and ability to react adequately, the EIT allocated additional resources for development and continuous monitoring of the ongoing projects under the HEI initiative, launched an evaluation of the selected pilot projects, and established the HEI governance framework to monitor the programme and propose mitigation measures if needed. The decision on the continuation of the initiative will be taken by the EIT Governing Board in 2023.

- *Resistance from KICs to cooperate in the monitoring activities under the new KICs Supervision Framework, due to KIC Governance opposition to change and misunderstanding by the KICs of the new operational approach (5)*

The revised operational model of the EIT assumes further reinforcement of EIT monitoring and evaluation of KIC activities. The focus of the strategic monitoring will shift towards tracking and evaluating the KICs' results and impact rather than the outcomes of the KICs' activities. Additional monitoring effort will be paid to the evaluation of the KICs' internal processes, in particular relating to the selection of the KICs' impactful and sustainable activities. The KICs may resist the enhanced monitoring as independent legal entities given that it may be seen as an increased workload and complexity. If the risk materialises, the KICs might not deliver on their strategic objectives, their impact, and the objectives of the EIT. The mitigation measures include reinforcement of the EIT's monitoring and supervision capacity, more focused strategic supervision of the KICs (e.g., participation in KICs Supervisory Board meetings), continuously informing the KICs about the advantages of the new operational approach and securing buy-in from the KIC leaderships. The implementation of the mitigation measures was effective and, so far, the risk has not materialised.

- *Beyond running day-to-day operations with many short-term priorities, insufficient resources available to focus on transition and long-term efficiency gains. (6)*

This is the new risk identified in 2022, which is linked to the insufficient staffing level of the EIT. The increased workload with no increase in resources as proposed in the establishment plan might limit the mid-term focus and delay of the transition process. EIT mitigation measures include proper planning with clear milestones and deliverables, adequate planning by the EIT management, and strengthening the management functions to have adequate resources to focus on cross-cutting agendas, including the EIT simplification agenda. This is one of the objectives of the EIT reorganisation process, which was concluded in 2022. The likelihood of the risk occurrence is considered to be high.

- *Due to inadequate operational planning and preparations, non-compliance with rules leading to audit findings and negative opinions by external auditors. (7)*

This is the new risk identified in 2022, which is also linked to the insufficient staffing level of the EIT. Running day-to-day operations while also focusing on the transition might limit time that could be allocated for proper operational planning. Additionally, transitioning to the new financial and operational model might with limited support cause non-compliance events, leading to negative audit findings and opinions by external auditors. The potential impact of the risk is considered to be extreme. The risk is mitigated through the development of internal processes, strategies, and methodologies, including the grant assurance/control strategy, BP assessment, and report assessment methodologies.

- *Delay in the on-boarding to the Commission IT systems due to reasons beyond the EIT's control (8)*

The EIT grant management operations started transitioning to fully using the EC IT grant management environment. The KICs were invited to submit their proposals for the funding period 2023-2025 through the Commissions Submission and Evaluation Portal, which was used later for the evaluation of the proposal. The submission and evaluation process has been concluded according to plan. The EIT managed to mitigate the risk through close collaboration with the Commission services overseeing the management of IT tools. They also developed a training plan for all EIT staff involved in the grant operations and provided continuous management oversight of the process (which was identified to be of critical importance process).

- *EIT IT security not ensured due to hardware or software failure (malware/virus/ransomware/phishing infection). (9)*

The IT-related risk is of a continuous nature, especially when taking into account hybrid work. The EIT's IT section addressed this risk in 2022 by performing various tests and trainings (including on staff members' knowledge of malware detection in email notifications), raising staff awareness of cybersecurity, and improving the perimeter security systems for automated attacks, which in turn led to no security incidents registered in 2022 at the EIT main office.

- *Late availability of appropriations due to late adoption of the EU budget. (10)*

This risk, relating to the planning processes and systems, has not yet materialised and close monitoring has been ensured. Consequently, the GB decision on the EIT budget for year 2023 was adopted before the next financial year started.

- *Delays in EIT procurement procedures. (11)*

This risk, relating to the planning processes and systems, is mitigated by rationalisation of the procurement procedures, clear prioritisation of procurement procedure, close monitoring of the procurement plan, and identifying other EU FWCs. The procurement plan in 2022 was implemented according to the continuously monitored and revised plan. The risk persists even beyond the reporting period.

Conclusions

Overall, in 2022, the number of identified agency level risks increased from seven in 2021 to 11 in the reported year, reflecting the increased number of tasks and processes in the organisation being done with the same staffing level.

Out of these 11 reporting risks, three (of which one critical) are related to limited resources. Insufficient human resources (acknowledged by the EIT's internal and external auditors) may cause significant delays in achieving core EIT mission to boost the innovation talent and capacity of Europe.

Five risks are linked to the transition of the EIT operational model and to the implementation of the newly set strategic objectives in the EIT's 2021 -2027 Strategic Innovation Agenda[35]. The transition of the EIT organisational set-up is one of the mitigation measures addressing the risk and will pay off in the medium and longer term. However, in a short-term perspective, the transition process requires additional resources and brings additional risks as evidenced by the 2022 risk register.

A lot of effort has been made to reduce the identified risks and the EIT subsequently managed to implement most of the set priorities for 2022 successfully. However, the focus on mitigating the risks might jeopardise or postpone other internal processes and cause additional/new risks soon. Analysing the current risks, it can be concluded that the sustainability of the mitigation measures requires additional resources, and, despite all the EIT's efforts, it is not clear how much more the EIT's staff can maintain the same level of efficiency and success in the continued creation and development of the European's Union's largest innovation ecosystem.

Exception reporting, analysis of internal control weaknesses or control failures recorded.

In 2022, the EIT followed its standard operating procedure on **Exception and Non-Compliance reporting**[36]. All instances of overriding controls or deviations from established processes and procedures were documented in the **EIT 2022 Non-compliance events and Exceptions' report**[37].

There were three exceptions registered and nine non-compliance events, which represents a decrease in the recorded number of reports in 2022 by one in comparison to 2021:

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[35]Decision (EU) 2021/820 of the European Parliament and of the Council of 20 May 2021on the Strategic Innovation Agenda of the European Institute of Innovation and Technology (EIT) 2021-2027: Boosting the Innovation Talent and Capacity of Europe and repealing Decision No 1312/2013/EU.
[36]Ares(2020)4933775 of 21/09/2020
[37] Ares(2023)355843 of 17/01/2023

EIT Exception reports

Year	Value
2019	9
2020	10
2021	13
2022	12
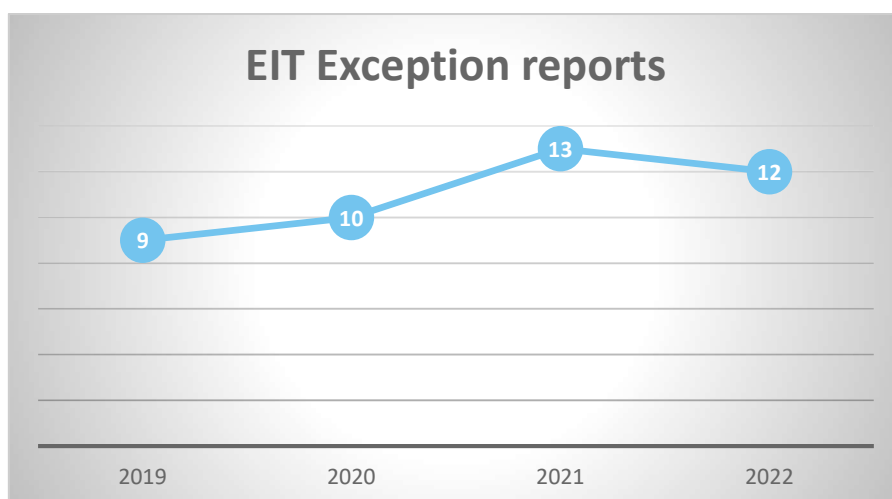
The number of non-compliance events in 2022 compared to the previous year increased from seven to nine.

The total value of the reported non-compliances in 2022 amounted to EUR 31 548 843.66 and the financial impact of the exceptions amounted to EUR 39 137.34. The total financial impact of the reported non-compliances was much higher in comparison to 2021. In the previous reporting year, the total value of the reported non-compliances amounted to EUR 21 811.33 and the financial impact of the exceptions amounted to EUR 15 371.00. The substantial increase in value of the reported non-compliances in 2022 was mainly caused by NCR on approving the budgetary commitment one day after the date of the legal commitment[38]. The financial impact of this non-compliance event amounted to EUR 30 647 434.72 and made up 97% of the total value of the reported non-compliances in 2022. The second and the third reported non-compliances with the highest financial impact concerned a deviation from the 4-months rule and Article 40.1 of the GA 2021-2022[39] and the budgetary commitments for the expert pool, which were signed a posteriori[40].

All events were individually assessed, and corrective measures were proposed to prevent the repetition of the non-compliance or exception event.

The analysis of the NCRs indicates that there might be a systemic issue with the expert's contact management as two NCRs relate to this issue: the external expert worked an extra 3.5 days without those being covered by a legal commitment[41] and the EIT Alumni president also worked extra days[42] [OBJ]. The proposed mitigation measures are justified but more focus should be paid by the EIT and EIT officers to ensuring a proper on-boarding and taking up relevant trainings for newcomers or colleagues starting work on new tasks. Also, identified weakness should be mitigated by the new organisational set-up, which strengthens the internal control systems.

Three non-compliance events refer to a posteriori budgetary commitments for three different processes (grant payment, experts management and procurement of services). This might indicate a systemic problem at the EIT. This weakness has been identified and several mitigation measures have been introduced to address it, including training for management, further alignment of the internal processes, and finalisation of the transition to fully

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[38] Ares(2022)3587037
[39] Ares(2022)8122321
[40] Ares(2022)7996297
[41] Ares(2022)6213463
[42] Ares(2022)7268340

using the EC IT tools for contracting experts and the grant management processes. The taken measures are assessed as effective to ensure that the proper sequence of the commitment flows will be followed at the EIT.

Two non-compliance events refer to the KICs' partner management process: exceptional retroactive eligibility for a lately-submitted entity[43] and deviation from the 4-months rule and Article 40.1 of the GA 2021-2022[44]. As of the 2023 grant cycle process, the EIT uses eGrants and applies the cascading model, which fully mitigates the risk as the KIC partner management process is now run by the EIT Communities.

Overall, the number of non-compliant events increased, evidence that the risk of posed by EIT understaffing (signalled by the EIT and auditors at the ECA and IAS since 2017) has been slowly materialising. Additional tasks (for example, in 2022, the EIT was allocated additional tasks under the New European Innovation Agendas) were coupled with the on-going transition of the EIT (specifically to a new funding model of multi-annual funding and cascading model, transition to new IT tools, and a new internal organisation requiring reskilling and upskilling), which required additional resources. At the same time, the staffing level of the EIT has not changed and the new workload was compensated by to some extend by operational efficiency gains, in particular the increased use of experts and increased outsourcing of EIT operational functions.

EIT management continued to closely monitor the reported internal control deficiencies and took the necessary measures to address them. It should be concluded that the measures put in place and the expected completion of the transition of EIT operations in 2023 will provide solid ground for ensuring the effectiveness of the introduced mitigation measures.

Fraud prevention and detection

On 7 May 2021, the EIT Governing Board adopted the revised EIT Anti-Fraud Strategy for 2021-2023.

The strategic objectives of the revised Anti-Fraud Strategy were driven by the EIT's strategic priorities and values, listed in its SIA 2021-2027. The EIT set objectives to counter fraud at all levels within the EIT's fastest growing and largest innovation ecosystem in Europe, i.e., at the level of its Community, at the level of its KICs, the Governing Board, and at the level of the EIT staff and external contractors, thus reinforcing public trust in its activities.

The EIT's operational budget is largely stable and usually represents 97 to 98 % of the EIT's annual budget, with KICs benefiting on an annual basis from grant allocations. The process has been modified in 2021 with the introduction of the multi-annual grants. In this context, the EIT's Governing Board has significant decision-making power as part of the designation of new KICs and the grant allocation process. The EIT's AF Strategy objectives aim at encompassing all stages of the anti-fraud cycle: prevention, detection, investigation, recovery, and sanction. Whilst prevention should remain one of the most important objectives of the revised Anti-Fraud Strategy, it was deemed appropriate to also focus efforts on detection, particularly by encouraging internal reporting of any possible case of fraud as well as proactive random verifications in some areas, whilst reinforcing the EIT monitoring practices in the EIT's operational activities.

In 2022, interaction between the EIT and OLAF has increased. OLAF representatives have been invited to provide anti-fraud awareness sessions to the EIT. The number of bilateral meetings with OLAF investigators has also increased. This has significantly facilitated their understanding of the establishment and functioning of the KICs and as well as the legal framework applicable to the EIT and its KICs.

The following objectives were set for the 2021-2023 period:

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[43] Ares(2022)1533325
[44] Ares(2022)8122321

O_1 Maintain and enhance an anti-fraud culture underpinned by a high level of awareness, integrity, impartiality, and transparency within the EIT community [ecosystem].

O_2 Enhance the EIT's controls over the financing, monitoring and evaluation of KIC activities [KICs].

O_3 Strengthen measures and focus efforts on fraud risk mitigation in identified areas of the EIT as an organisation, i.e., IT security, procurement, and conflicts of interest ('CoI') [EIT].

As regards Objective No. 1., the six actions agreed to reach this objective were achieved. With reference to Objective No.2., out of the four actions agreed to reach this objective, three were fully implemented and the one related to procurement (particularly the KIC Procurement Policy) was postponed to 2023. Finally, concerning Objective No.3., out of the four actions envisaged, three were completed except for the one related to the EIT's Procurement SoPs. The two incomplete actions will be implemented over the course of 2023.

4.2 Conclusions of the assessment of internal control systems

As an outcome of the 2022 EIT Internal Control Self-Assessment it was identified that there is an overall effective and efficient internal control system at the EIT, falling under Category 1:

- 14 internal control principles are efficient and are functioning well, with at times minor improvements needed.

- Two internal control principles remain partially efficient, meaning that they are present and functioning but need some continued improvements:

  o Principle 04. The EIT demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
  o Principle 10. The EIT selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

- One internal control principle function with deficiencies and continued improvements are needed - regards Principle 12. The EIT deploys control activities through corporate policies that establish expectations and through procedures that put policies into action.

Following a detailed assessment of each principle, the conclusion is that the overall internal control systems at the EIT are effective, falling under Category 1[45].

However, continued improvements are needed, as regards **Principle 12. The EIT deploys control activities through corporate policies that establish expectations and through procedures that put policies into action** (which fall under Category 2). The analysis of the NCRs indicates that there might be a systemic issue with the expert contact

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[45]   Category 1 – the ICF principles are present and functioning well, only minor improvements needed.
    Category 2 – the ICF principles are present and functioning, but some improvements are needed.
    Category 3 – the ICF principles are partially present and functioning, major improvements are needed.
    Category 4 – the ICF principles are not present and are not functioning.

management as two NCRs relate to this issue. Three non-compliance events refer to a posteriori budgetary commitment for three different processes (grant payment, experts management, and procurement of services). However, for the identified non-compliances, the mitigations are effective and already in place. The new organisational set-up, which strengthens the internal control systems and integration with the EC IT tools for contracting experts and handling the grant management processes, is already being followed and implemented. IT tool supporting procurement operations is an adequate mitigation measure However, more focus should be paid by the EIT and EIT officers for ensuring proper on-boarding and relevant trainings for newcomers or colleagues starting work on new tasks.

In 2022, the EIT has taken a series of steps to take stock and follow-up open audit recommendations. Based on the review of their implementation status, out of the 58 recommendations in the scope of this follow-up audit, 19 have been closed (leaving 39 recommendations open). As a result, the total number of closed recommendations has reached 144. In addition, there are no critical recommendations reported and only four are rated as very important. It is recommended that the EIT MT should prioritise the implementation of all open due recommendations that fall under the remit of the EIT.

The ICC proposes that in 2023 the EIT should focus additionally on addressing principles 4 and 10.

- **Principle 04. The EIT demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives**. It is clear that the risks resulting from the understaffing of the EIT have started to materialise. Additionally, necessary reorganisation to deliver on the SIA 2021-2027 impact shifted the operational focus of the EIT. Therefore, additional effort is needed to attract, develop, and retain competent individuals. There is a clear need for intensifying continuous training and coaching during the transition period. The EIT should also increase its staff diversity by elevating the % of women in management positions at the EIT (especially on the HoU/HoD level) and increasing the geographical diversity by increasing the attractiveness of the EIT as an employer and working place, regardless of the low co-efficient factor for Hungary, by developing non-financial incentives.

- **Principle 10. The EIT selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.** In particular, the EIT should prioritise updating due SOPs to align them fully with the new organisational setup and operational model.

Overall, no major weaknesses are detected in any of the EIT's Internal Control system components which could jeopardise the achievement of operational, financial or control objectives and prevent the EIT Director from signing his declaration of assurance for 2022. The identified deficiencies were discussed with the EIT management team in May 2023 and are listed in the EIT's Internal Control Self-Assessment Report for the financial year 2022 in Annex 3 EIT Register of deficiencies & Corrective Action plan.

4.3 Statement of the manager in charge of risk management and internal control (ICC)

Statement of the Manager in charge of risk management and internal control

I, the undersigned, Manager in charge of risk management and internal control within the EIT,

In my capacity as Internal Control Coordinator in charge of risk management and internal control, I declare that in accordance with EIT's Internal Control Framework, I have reported my advice and recommendations on the overall state of internal control in the Agency to the EIT Director.

I hereby certify that the information provided in the present Consolidated Annual Activity Report and in its annexes is, to the best of my knowledge, accurate, reliable and complete.

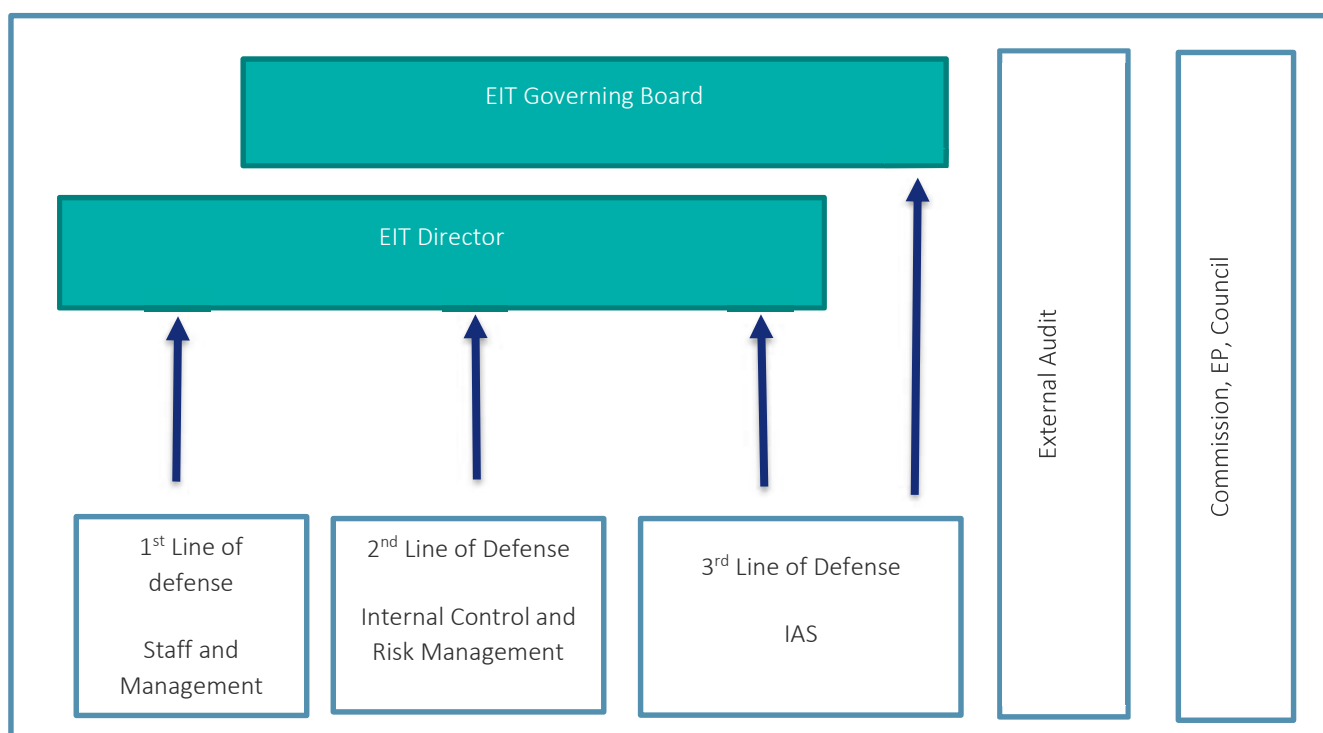*Place Budapest,*

Signed electronically in ARES,

Michal GORZYNSKI,

Internal Control Coordinator

PART V – MANAGEMENT ASSURANCE

5.1 Review of the elements supporting assurance

The EIT's corporate governance framework is ensured through the following three main lines of defence or building blocks of assurance:

The Agency applies since January 2020 the updated COSO internal control framework promoted by the Commission, adjusted to the EIT dimension, through the Internal Control components and principles.

The information reported in Parts II, III and IV derives from the results of the management supervision of activities and audit observations contained in the audit reports listed. These reports are based on a systematic analysis of the evidence available. This approach provided sufficient guarantees as to the completeness and reliability of the information reported and ensures complete coverage of the EIT budget.

In conclusion, the management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated, and necessary improvements and reinforcements are being implemented. The Director of the EIT, in his capacity as Authorising Officer has signed the Declaration of Assurance. Nevertheless, the EIT Director wishes to repeatedly draw attention to the remaining critical risk concerning **the limitation of the EIT's staffing capacity that gives rise to critical risks in relation to the legality and regularity of future grant payments to KICs, EIT staff health and well-being and the EIT's reputation by diminishing its ability to achieve its strategic objectives set out in its Strategic Innovation Agenda for 2021-2027**.

5.2 Overall conclusion on assurance and reservations

The information reported in Parts II. III and IV does not result in any major issues meriting a reservation as regards 2022 expenditure in the EIT's accounts.

In 2022 the EIT managed to successfully pursue with the transition to Horizon Europe.

As regards the EIT's core operations, the detected error rate during ex-post verification of 2020 grants was 0.66 % and the residual error rate is 0.62%, which is well below the materiality level of 2%, due to its improved grant assurance strategy relying on thorough ex-ante and ex-post verifications, as well as continuous guidance to the beneficiaries (KIC Partners).

Nevertheless, as stipulated in this report and past EIT activity reports, the critical risks due to structural understaffing of the EIT remain valid and have increased due to the increased budget, mandate and activities, which the EIT has to deliver under Horizon Europe. In the light of an increase of its budget and of the number of KICs, the EIT may not be able to maintain its supervision and monitoring of KICs at the necessary level in the future and runs the risk of increasing error rates and non-detected irregularities. It also creates non-sustainable risks to EIT's staff health and well-being given the increasing workload. The EIT Director therefore continue urgently calls upon the EU institutions to effectively address the structural understaffing of the EIT compared to its budget and mandate, which was confirmed by independent auditors, including the European Court of Auditors and the Commission's Internal Audit Service.

The EIT will continue to attempt to mitigate these risks through actions within its control such further outsourcing of tasks to interim staff and experts, where this is feasible. However, as these actions are not sufficient to address the structural understaffing situation, some of the EIT's operational activities will have to be decreased and postponed in 2023 even if it creates negative operational and reputational impact for the EIT.

In the light of the above, the EIT reiterates its request included in the draft Single Programming Document 2024-2026, which was adopted by the EIT Governing Board in early 2023 to receive the additional 10 staff positions, which would allow it to deliver on its 2024 work programme with a view to deliver the fully impact through Europe's largest Innovation Ecosystem.

DECLARATION OF ASSURANCE

I, the undersigned,

Director of the European Institute of Innovation and Technology

In my capacity as authorising officer

Declare that the information contained in this report gives a true and fair view.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the ex-ante assessment, ex-post controls, the work of the internal audit capability, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

21 June 2022

Martin Kern

ANNEXES

Annex I: EIT core KPIs (Grant Agreements 2021-2022) [46]

EIT core KPI		EIT Digital	EIT Climate-KIC	EIT InnoEnergy	EIT Health	EIT Raw Materials	EIT Food	EIT Manufacturing	EIT Urban Mobility
EITHEO 1.1	Designed/Tested Innovations	17	99	90	35	184	620	55	90
EITHEO 2.1	Marketed Innovations	132	108	149	24	95	76	89	54
EITHEO 2.4	Marketed Innovations with sales of 10,000 EUR	54	33	134	11	41	51	34	43
EITHEO 3.1	Supported Start-ups/Scale-ups	298	671	187	703	302	894	471	472
EITHEO 4.1	Start-ups created of/for innovation	94	2	3	6	16	37	37	29
EITHEO 4.4	Start-ups created of/for innovation with a sales revenue of 10,000 EUR	34	1	0	0	3	0	2	1
EITHEO 5.1	Start-ups created of EIT labelled MSc/PhD programmes	6	0	14	2	5	0	0	4
EITHEO 6.1	Investment attracted by KIC supported start-ups/scale-ups	EUR 257,899,554.00	EUR 140,699,193.83	EUR 1,206,469,315.78	EUR 889,101,712.00	EUR 231,751,378.00	EUR 631,676,149.09	EUR 68,104,543.00	EUR 34,904,077.00

[46] The KPIs may be subject to change, following assessment and the resolution meetings planned for end June 2023.

EIT core KPI		EIT Digital	EIT Climate-KIC	EIT InnoEnergy	EIT Health	EIT Raw Materials	EIT Food	EIT Manufacturing	EIT Urban Mobility
EITHE07.1	Graduates from EIT labelled MSc/PhD programmes	1382	254	914	127	778	308	93	116
EITHE08.1	Participants in (non-degree) education and training	5817	13850	0	19783	28914	22672	16606	16295
EITHE09.1	EIT labelled MSc/PhD students and graduates who joined start-ups	41	10	95	9	8	1	0	4
EITHE11.1	FS revenues (EUR)	18,428,040	14,140,535	68,417,677	20,517,970	17,931,085	13,877,153	12,017,556	5,792,574
EITHE11.2	FS coefficient	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EITHE12.1	Co-funding rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EITHE13.1	KIC success stories	20	30	39	20	38	110	58	29

Annex II: Statistics on financial management

Budget outturn and cancellation of appropriations

Budget outturn	2020	2021	2022
Revenue actually received (+)	550 031 181	401 233 111	448 612 223
Payments made (-)	-541 891 232	-399 203 214	-439 585 731
Carryover of appropriations (-)	-3 990 641	-5 188 571	-9 857 948
Cancellation of appropriations carried over (+)	885 737	75 351	1 266 587
Adjustment for carryover assigned revenue appropriations from previous year (+)	2 042	3 386 105	3 319 891
Exchange rate differences (+/-)	23 765	-15 477	- 32 357
Adjustment for negative balance from previous year (-)			
TOTAL	5 060 852	287 305	3 722 665

Annex III: Organisational chart in 2022
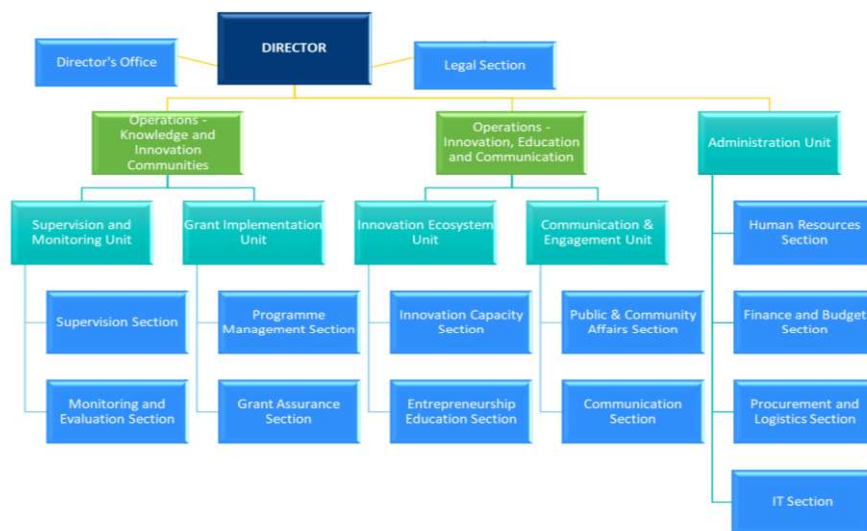
Annex IV: Establishment Plan and additional information on Human Resources management

Establishment Plan:

Category and grade	Establishment plan 2022		Actually filled as of 31 December 2022
	Officials (n/a)	Temporary staff (TA)	Temporary staff (TA)
AD 16		0	0
AD 15		0	0
AD 14		1	1
AD 13		0	0
AD 12		1	0
AD 11		2	1
AD 10		9	5
AD 9		10	9
AD 8		10	11
AD 7		6	5
AD 6		1	4
AD 5			
Total AD		**40**	**36**
AST 11		0	0
AST 10		0	0
AST 9		0	0
AST 8		0	0
AST 7		0	0
AST 6		0	0
AST 5		3	1
AST 4		1	3
AST 3		1	1
AST 2		0	0
AST 1		0	0
Total AST		**5**	**4**
AST/SC 6		0	0
AST/SC5		0	0
AST/SC4		0	0
AST/SC3		0	0
AST/SC2		0	0
AST/SC1		0	0
Total ST/SC		**0**	**0**
TOTAL		**45**	**40**

Category	Authorised 2022	Actually filled as of 31 December 2022
Contract staff (CA)		
FG IV	13[47]	16
FG III	13	9
FG II		0
FG I		0
TOTAL	**26**	**25**
Seconded national Experts (SNE)	1	1
TOTAL	**72**	**66**

a) Information on the entry level for each type of post

Key functions	Type of Contract (TA, CA)	Function group, grade of recruitment	Indication whether the function is dedicated to administrative support or operations
Director (level 1)	TA	AD 14	Management (both administration and operational)
Chief Operating Officer (level 2)	TA	AD 11	Management (both administration and operational)
Head of Unit	TA	AD9	Management (both administration and operational)
Senior Officer	TA	AD8	Operational
Officer (Programme)	TA/CA	AD6/FGIV	Operational
SUPPORT FUNCTIONS			
Head of Unit Services and Finance	TA	AD9	Administration
Head of Section Human Resources	TA	AD6	Administration
Head of Section Finance and Budget	TA	AD8	Administration
Communications Officer	TA	AD6	administration and operational
Head of Section IT	TA	AD 8	administration
Officer (Policy)	TA	AD6	administration and operational
Secretary	CA	FG II	administration and operational
SPECIAL FUNCTIONS			
Data Protection Officer (Legal officer appointed, not a separate function)	TA	AD6	Administration
Legal Officer	TA	AD6	Administration
Internal Auditor	TA	AD7	Administration

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[47] 2 FG IV are third-party funded and one SNE post was converted to an FG IV post.

b) Result of the job screening exercise (31/12/2022)

Job Type and Category	Year 2020	Year 2021	Year 2022
ADMINISTRATIVE SUPPORT AND COORDINATION	22.7%	18.75%	20%
Administrative Support	11	9	9
Coordination	4	4	4
OPERATIONAL	66.7%	70.3%	70.7%
Top-Level Operational Coordination	5	6	7
Programme Management & Implementation	19	19	18
Evaluation & Impact Assessment	10	10	11
General Operational	10	10	10
NEUTRAL	10.6%	10.93%	9.2%
Finance	5	5	5
Control	2	2	1

Annex V: Human and Financial resources by activity

Activity	TA	CA	SNE	Operational HR[1]	Operational exp., EUR [2]	Overheads, EUR [3]	Total cost (operational exp. and overheads), EUR
Consolidating, fostering growth and impact of the KICs	17	7		24	130,582,595.17	2,484,324.30	133,066,919.47
Creating new KICs	1	1		2	11,355,008.28	216,028.20	11,571,036.48
The EIT's next Strategic and Innovation Agenda (SIA) 2021-2027	3	2		5	17,032,512.41	324,042.30	17,356,554.71
Fostering and attracting talent	1	2		3	17,032,512.41	324,042.30	17,356,544.71
Enhancing stakeholder engagement	3	1	1	5	28,387,520.69	540,070.50	28,927,591.19
EIT KIC Relations	1			1	5,677,504.14	108,014.10	5,785,518.24
Simplification	1			1	5,677,504.14	108,014.10	5,785,518.24
Monitoring, impact analysis and evaluation	3	2		5	28,387,520.69	540,070.50	28,927,591.19
Strategy: Coordination and implementation	5	0		5	34,065,024.83	648,084.60	34,713,109.43
Administrative support and coordination	5	10		15	85,162,562.07	1,620,211.50	86,782,773.57
TOTAL	40	25	1	66	363,360,264.83	6,912,902.39	370,273,167.22

1 The operational Human Resources consist of the total number of Temporary and Contract Agents directly involved in operations.

2 The operational expenditure is the amount of contracts concluded for implementation of the projects of the AWP.

3 The overheads are costs indirectly involved in the implementation of the projects of the AWP. These include fixed costs such as salaries, rent, software licences and other similar costs. In addition, overheads include variable costs such as office equipment and supplies, ICT equipment, telecommunication costs and other similar expenses. The total overheads are distributed to each area of activity in proportion to the operational staff employed in each area of activity.

Annex VI: Contribution, grant and service level agreements

Business Plan grants awarded

Knowledge and Innovation Community	Amount EUR	Subject of grant or contract
EIT Climate-KIC	27,460,389.82	Climate change mitigation and adaption
EIT Digital	31,907,231.19	Future information and communication societies
EIT Food	56,837,112.63	Sustainable food supply chain from resources to consumers
EIT Health	66,387,293.96	Improve the quality of life of Europe's citizens and sustainability of healthcare system
EIT InnoEnergy	39,872,687.62	Sustainable energy
EIT Manufacturing	45,977,499.05	Globally competitive and sustainable manufacturing
EIT RawMaterials	63,739,300.78	Raw materials (sustainable exploration, extraction, processing, recycling and substitution)
EIT Urban Mobility	46,840,769.40	Smart, green and integrated transport
Total	379,022,284.45	

Other grants awarded

Knowledge and Innovation Community	Amount EUR	Subject of grant or contract
EIT InnoEnergy	9,977,750.00	European Battery Alliance (EBA) Academy

Annex VII: Environment management

The EIT strives to **become a climate neutral agency** by operating as sustainably as possible to contribute to the European Union's ambition (European Green Deal) becoming climate neutral by 2050.

Therefore, the EIT is taking a series of steps towards impactful environment management at the headquarter and foresees to disseminate such measures in the EIT Community and tracking the societal impact of the EIT Knowledge and Innovation Communities (KIC). **The EIT is Europe's largest innovation ecosystem and a leading instrument under Horizon Europe to tackle climate change and related challenges** and EIT KICs are contributing to archive sustainable development related goals (SDGs).

As an example, EIT's Climate-KIC, working to accelerate the transition to a zero-carbon economy. Supported by the European Institute of Innovation and Technology, EIT Climate-KIC identifies and supports innovation that helps society mitigate and adapt to climate change. Through innovation project scaling, start-ups as vehicles for replacing dirtier technologies for cleaner, and through wider diffusion of boosted KTI innovation model, by 2027 the KIC aims to have:
1. Helped Europe avoid over 500 million tonnes (CO2eq) of emissions, and
2.Strengthened the resilience of 10 million people to the impacts of climate change.[23]

Moreover, other KICs focusing on Sustainable Energy, Food, Urban Mobility, Raw Materials and Manufacturing also address the climate crisis with large parts of their activities. Altogether the EIT contributed an estimated **1.2 BEUR to reach climate related adaptation/ mitigation targets during 2014-2022.**

The EIT annually assesses and **monitors the performance** of its Knowledge and Innovation Communities and the EIT Governing Board allocates funding based on the results and impact achieved. KICs are also subject to 3, 7, 10 and 15 year comprehensive reviews on their impact. Additionally, EIT adopted the Simplified Impact Framework by the Decision 08/2022 of the Governing Board of the EIT, in which **KPIs track the societal impact of the KIC's activities,** such as:

> ❖ EIT grant invested in climate action, biodiversity, clean air, digital transformation, health, sustainable development.

The indicator will be estimated based on the "RIO markers" methodology developed by OECD. The values (0%, 40%, 100%) will be reported at portfolio level.

> ❖ Impact of KICs on achieving Sustainable Development Goals

This indicator will assess the impact that KICs had through their activities on achieving the specific SDGs.

In its turn the **EIT** actively contributes to impactful environment management, by taking environmentally conscious measures regarding its premises, staff. The main progress/ result archived in 2022 are,

> • The result of the GHG emission, originated from the EIT's operation in the year 2022 was **251 tons of CO2 equivalent.** The corporate carbon footprint report of the EIT for 2022 used CLIM'FOOT, a tool developed from the Bilan Carbone® method. The calculation used, is included all three types of emissions (Scope 1 - direct, Scope 2 - indirect, Scope 3 - other indirect sources). The Bilan Carbone® method was developed in 2004 by the French Environment and Energy Management Agency, ADEME, to quantify organisations' GHG emissions. Some calculations rely on assumptions; therefore, results are to be interpreted in this manner. The emission intensity of 3.13 tons of CO2e per EIT staff member corresponds to an average figure in Europe for an office-based employee.

- The first edition of the **EITree**, a social and sustainability event of the EIT, happened in October 2022 where EIT staff, as an awareness raising exercise, planted 30 trees in urban area and ensured its maintenance initially for three years.(*o*ne average tree can neutralize 25 kg CO2e per year. That means over its 40-year lifespan, it can offset about 1 ton of carbon emissions.)
  - In 2022 the EIT formed the **EIT Sustainability Committee** to accelerate reaching the goal to became climate neutral agency. In the meantime, became action member of the **EUAN Greening Subnetwork** to strengthen to inter-agency cooperation in this aspect.

  - Continuing actions, which took place in 2022:

    - As of 2023 the EIT will reduce the travels to 35% of the 2018-2019 (pre-pandemic) level. This target is to be achieved through increase of online meetings and events, interviews of prospective candidates etc.
    - As of 2023 the EIT will prepare an action plan and start its implementation to reduce its GHG gas emission focusing on the biggest emission sources and compensate for its residual emissions.

    - The EIT has phased out the use plastic water bottles or paper cups installing water filtering machines, thus reducing their use by 100% , due to installation of water filters in lieu of plastic water bottles. EIT took further actions to reduce the paper use in the office through introduction of electronic paperless systems (i.e., Sysper, ARES, Bluebell already in use).

    - In same context the EIT targets to reduce the use of electricity by 30%, through the utilisation of energy saving office equipment. The EIT purchases Energy Star labelled computers, copiers, printers, kitchen equipment. The continuous increase in the number of virtual meetings also contributes to the achievement of the set target.

    - The EIT incentivises its staff members to also contribute to the reduction of the CO2 emissions, via targeted social policies, such as the use of public transport rather than by car (subsidizing public transport tickets).

    - The building, hosting the EIT's office, has a **LEED SILVER** certificate issued by US Green Building Council.

Annex VIII: Final annual accounts 2022

Please refer to Ares(2023)3981275 and the GB Decision on the opinion on the EIT Final annual accounts 2022