COUNCIL OF THE EUROPEAN UNION

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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: COUNCIL REGULATION establishing the Bio-based Industries Joint Undertaking
COUNCIL REGULATION (EU) No …/2014

of …

establishing the Bio-based Industries Joint Undertaking

(Text with EEA relevance)

THE COUNCIL OF THE EUROPEAN UNION

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 187 and the first paragraph of Article 188 thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament¹,

Having regard to the opinion of the European Economic and Social Committee²,

¹ OJ C ….
Whereas

(1) Public-private partnerships in the form of Joint Technology Initiatives were initially provided for in Decision (EC) No 1982/2006 of the European Parliament and of the Council\(^1\).

(2) Council Decision 2006/971/EC\(^2\) identified specific public-private partnerships to be supported.

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Regulation (EU) No 1291/2013 of the European Parliament and of the Council established Horizon 2020 – The Framework Programme for Research and Innovation (2014-2020) ("Horizon 2020"). Horizon 2020 aims to achieve a greater impact with respect to research and innovation by combining Horizon 2020 and private-sector funds in public-private partnerships in key areas where research and innovation can contribute to the Union's wider competitiveness goals, leverage private investment and help tackle societal challenges. Those partnerships should be based on a long-term commitment, including a balanced contribution from all partners, be accountable for the achievement of their objectives and be aligned with the Union's strategic goals relating to research, development and innovation. The governance and functioning of those partnerships should be open, transparent, effective and efficient and give the opportunity to a wide range of stakeholders active in their specific areas to participate. In accordance with Regulation (EU) No 1291/2013, Union involvement in those partnerships may take the form of financial contributions to joint undertakings established on the basis of Article 187 of the Treaty on the Functioning of the European Union (TFEU) pursuant to Decision No 1982/2006/EC.

In accordance with Regulation (EU) No 1291/2013 and Council Decision 2013/743/EU, support may be provided to joint undertakings established in the framework of Horizon 2020 under the conditions specified in that Decision.

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Commission Communication entitled 'Europe 2020: A Strategy for smart, sustainable and inclusive growth' (the "Europe 2020 strategy"), endorsed by the European Parliament and the Council, emphasises the need to develop favourable conditions for investment in knowledge and innovation so as to achieve smart, sustainable and inclusive growth in the Union.

The Bio-based Industries Consortium (the "BIC") developed a vision paper and a Strategic Innovation and Research Agenda, based on extensive consultation with public and private stakeholders. The Strategic Innovation and Research Agenda describes the main technological and innovation challenges that need to be overcome in order to develop sustainable and competitive bio-based industries in Europe and identifies research, demonstration and deployment activities to be carried out by a Joint Technology Initiative on Bio-based Industries (the "BBI Initiative").

BIC is a non-profit organisation that was created to represent the industry group that supports the BBI Initiative. Its members cover the entire bio-based value chain and consist of large industries, small and medium-sized enterprises (SMEs), regional clusters, European trade associations, and European Technology Platforms. The aim of BIC is to ensure and promote the technological and economic development of the bio-based industries in Europe. Any interested stakeholders along the bio-based value chain may apply for membership. It applies general principles of openness and transparency regarding membership, ensuring a wide industrial involvement.

Any eligible institution may become a participant or a coordinator in the selected projects.
(9) The Commission Communication of 13 February 2012 entitled "Innovating for Sustainable Growth: A Bioeconomy for Europe", and in particular its Action Plan, calls for a public-private partnership to support the establishment of sustainable and competitive bio-based industries and value chains in Europe. In view of the move towards a post-petroleum society, the Communication aims to integrate better biomass producing and processing sectors in order to reconcile food security and natural resource scarcity and environmental objectives with the use of biomass for industrial and energy purposes.

(10) The Commission Communication of 10 October 2012 entitled "A Stronger European Industry for Growth and Economic Recovery" confirms the strategic importance of bio-based industries for the future competitiveness of Europe, as identified in the Commission Communication of 21 December 2007 entitled "A lead market initiative for Europe", and stresses the need for the BBI Initiative.

(11) Bio-based Industries and their value chains are facing complex and substantial technology and innovation challenges. As a nascent sector, bio-based industries have to overcome the dispersion of technical competences and the limited publicly-available data on real resource availability in order to build sustainable and competitive value chains. In order to tackle those challenges, critical mass has to be achieved in a focused and coherent way at European level in terms of scale of activity, excellence, and potential for innovation.
The BBI Initiative should mitigate the different types of market failures that discouraged private investment into pre-competitive research, demonstration and deployment activities for bio-based industries in Europe. In particular, it should ascertain the availability of reliable biomass supply taking into account other competing social and environmental demands, and support the development of advanced processing technologies, large scale demonstration activities and policy instruments, thus reducing the risk for private research and innovation investment in the development of sustainable and competitive bio-based products and biofuels.

The BBI Initiative should be a public-private partnership aiming at increasing investment in the development of a sustainable bio-based industry sector in Europe. It should provide environmental and socio-economic benefits for European citizens, increase the competitiveness of Europe and contribute to establishing Europe as a key player in research, demonstration and the deployment of advanced bio-based products and biofuels.

The objective of the BBI Initiative is to implement a programme of research and innovation activities in Europe that will assess the availability of renewable biological resources that can be used for the production of bio-based materials, and on that basis support the establishment of sustainable bio-based value chains. Those activities should be carried out through collaboration between stakeholders along the entire bio-based value chains, including primary production and processing industries, consumer brands, SMEs, research and technology centres and universities.
The ambition and scope of the objectives of the BBI Initiative, the scale of the financial and technical resources that need to be mobilised, and the need to achieve the effective coordination and synergy of resources and funding, require the involvement of the Union. Therefore, a Joint Undertaking for the implementation of the Joint Technology Initiative on Bio-based Industries (the "BBI Joint Undertaking") should be established as a legal entity.

The objective of the BBI Joint Undertaking should be achieved by means of supporting research and innovation activities by using resources from the public and private sectors. To this end, the BBI Joint Undertaking should organise calls for proposals for supporting research, demonstration and deployment activities.

To achieve maximum impact, the BBI Joint Undertaking should develop close synergies with other Union programmes in areas such as education, environment, competitiveness and SMEs, and with the Cohesion Policy funds and Rural Development Policy, which can specifically help to strengthen national and regional research and innovation capabilities in the context of smart specialisation strategies.

Horizon 2020 should contribute to the closing of the research and innovation divide within the Union by promoting synergies with the European Structural and Investment Funds (ESIF). Therefore, the BBI Joint Undertaking should seek to develop close interactions with the ESIF, which can specifically help to strengthen local, regional and national research and innovation capabilities in the area of the BBI Joint Undertaking and underpin smart specialisation efforts.

The founding members of the BBI Joint Undertaking should be the Union and BIC.
(20) The rules for the organisation and operation of the BBI Joint Undertaking should be laid down in the Statutes of the BBI Joint Undertaking as part of this Regulation.

(21) BIC has expressed, in writing, its agreement to pursue the research activities in the area of the BBI Joint Undertaking within a structure well adapted to the nature of a public-private partnership. It is appropriate that BIC accedes to the Statutes set out in the Annex to this Regulation by signing a letter of endorsement.

(22) In order to achieve its objectives, the BBI Joint Undertaking should provide its financial support to the actions by means of open and transparent procedures, mainly in the form of grants to participants following open and competitive calls.

(23) Contributions from the members other than the Union should not be limited to the administrative costs of the BBI Joint Undertaking and to the co-financing required to carry out research and innovation actions supported by the BBI Joint Undertaking. Their contributions should also cover to additional activities to be undertaken by the members other than the Union, as specified in an additional activities plan. In order to get a proper overview of the leverage effect of those additional activities, they should represent contributions to the broader BBI Initiative.

(24) Participation in indirect actions funded by the BBI Joint Undertaking should comply with Regulation (EU) No 1290/2013 of the European Parliament and of the Council\(^1\). The BBI Joint Undertaking should, moreover, ensure the consistent application of those rules based on relevant measures adopted by the Commission.

The BBI Joint Undertaking should also use electronic means managed by the Commission to ensure openness, transparency and facilitate participation. Therefore, the calls for proposals launched by the BBI Joint Undertaking should also be published on the single portal for participants, as well as through other Horizon 2020 electronic means of dissemination managed by the Commission. Moreover, relevant data on, *inter alia*, proposals, applicants, grants and participants should be made available by the BBI Joint Undertaking for inclusion in the Horizon 2020 reporting and dissemination electronic systems managed by the Commission, in an appropriate format and with the periodicity corresponding to the Commission's reporting obligations.

The Union's financial contribution to the BBI Joint Undertaking should be managed in accordance with the principle of sound financial management and with the relevant rules on indirect management set out in Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council\(^1\) and Commission Delegated Regulation (EU) No 1268/2012\(^2\).

For the purpose of simplification, the administrative burden should be reduced for all parties. Double audits and disproportionate amounts of documentation and reporting should be avoided. Audits of recipients of Union funds under this Regulation should be carried out in compliance with Regulation (EU) No 1291/2013.

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(28) The financial interests of the Union and of the other members of the BBI Joint Undertaking should be protected through proportionate measures throughout the expenditure cycle including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties in accordance with Regulation (EU, Euratom) No 966/2012.

(29) The Commission's internal auditor should exercise the same powers over the BBI Joint Undertaking as those exercised in respect of the Commission.

(30) In view of the specific nature and the current status of the joint undertakings, and to ensure continuity with the Seventh Framework Programme, the joint undertakings should continue to be subject to a separate discharge. By way of derogation from Article 60(7) and Article 209 of Regulation (EU, Euratom) No 966/2012, discharge for the implementation of the budget of the BBI Joint Undertaking should therefore be given by the European Parliament on the recommendation of the Council. Hence, the reporting requirements set out in Article 60(5) of Regulation (EU, Euratom) No 966/2012 should not apply to the Union financial contribution to the BBI Joint Undertaking, but they should be aligned to the extent possible to the ones foreseen for bodies under Article 208 of Regulation (EU, Euratom) No 966/2012. The auditing of accounts and of the legality and regularity of the underlying transactions should be undertaken by the Court of Auditors.

(31) The BBI Joint Undertaking should operate in an open and transparent way providing all relevant information in a timely manner to its appropriate bodies as well as promoting its activities, including information and dissemination activities, to the wider public. The rules of procedure of the bodies of the BBI Joint Undertaking should be made publicly available.
In order to facilitate its establishment, the Commission should be responsible for the establishment and initial operation of the BBI Joint Undertaking until it has the operational capacity to implement its own budget.

Given the aim of Horizon 2020 to achieve greater simplification and coherence, all calls for proposals by the BBI Joint Undertaking should take into account the duration of Horizon 2020.

Since the objective of this Regulation, namely the strengthening of industrial research and innovation across the Union by means of the implementation of the BBI Joint Initiative by the BBI Joint Undertaking, cannot be sufficiently achieved by the Member States, but can rather, by reason of avoiding duplication, retaining critical mass and ensuring that public financing is used in an optimal way, be better achieved at the Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

HAS ADOPTED THIS REGULATION:
Article 1
Establishment

1. For the implementation of the Joint Technology Initiative on Bio-based Industries ("BBI Initiative"), a joint undertaking within the meaning of Article 187 TFEU ("BBI Joint Undertaking"), shall be established until 31 December 2024. In order to take into account the duration of Horizon 2020, calls for proposals by the BBI Joint Undertaking shall be launched at the latest by 31 December 2020. In duly justified cases, calls for proposals may be launched by 31 December 2021.

2. The BBI Joint Undertaking shall be a body entrusted with the implementation of a public-private partnership referred to in Article 209 of Regulation (EU, Euratom) No 966/2012.

3. The BBI Joint Undertaking shall have legal personality. In all Member States, it shall enjoy the most extensive legal capacity accorded to legal persons under the laws of those Member States. It may, in particular, acquire or dispose of movable and immovable property and may be party to legal proceedings.

4. The seat of the BBI Joint Undertaking shall be located in Brussels, Belgium.

5. The Statutes of the BBI Joint Undertaking ('the Statutes') are set out in the Annex.
Article 2

Objectives

The BBI Joint Undertaking shall have the following objectives:

(a) to contribute to the implementation of Regulation (EU) No 1291/2013 and in particular Part III of Council Decision 2013/743/EU;

(b) to contribute to the objectives of the BBI Initiative of a more resource efficient and sustainable low-carbon economy and increasing economic growth and employment, in particular in rural areas, by developing sustainable and competitive bio-based industries in Europe based on advanced biorefineries that source their biomass sustainably, and in particular to:

(i) demonstrate technologies that enable new chemical building blocks, new materials, and new consumer products from European biomass which replace the need for fossil-based inputs;

(ii) develop business models that integrate economic actors along the whole value chain from supply of biomass to biorefinery plants to consumers of bio-based materials, chemicals and fuels, including by means of creating new cross-sector interconnections and supporting cross-industry clusters; and

(iii) set up flagship biorefinery plants that deploy the technologies and business models for bio-based materials, chemicals and fuels and demonstrate cost and performance improvements to levels that are competitive with fossil-based alternatives.
Article 3
Union's financial contribution

1. The Union's financial contribution to the BBI Joint Undertaking, including EFTA appropriations, to cover administrative costs and operational costs shall be up to EUR 975 000 000. The contribution of the Union shall be paid from the appropriations in the general budget of the Union allocated to the Specific Programme, implementing Horizon 2020, established by Decision 743/2013/EU, in accordance with point (c)(iv) of Article 58(1) and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012 for bodies referred to in Article 209 of that Regulation.

2. The arrangements for the Union's financial contribution shall be set out in a delegation agreement and annual transfer of funds agreements to be concluded between the Commission, on behalf of the Union, and the BBI Joint Undertaking.

3. The delegation agreement referred to in paragraph 2 of this Article shall address the elements set out in Article 58(3) and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012 and in Article 40 of Delegated Regulation (EU) No 1268/2012, and, inter alia, the following:

   (a) the requirements for the BBI Joint Undertaking's contribution regarding the relevant performance indicators referred to in Annex II to Decision No 2013/743/EU;

   (b) the requirements for the BBI Joint Undertaking's contribution in view of the monitoring referred to in Annex III to Decision No 2013/743/EU;
(c) the specific performance indicators related to the functioning of the BBI Joint Undertaking;

(d) the arrangements regarding the provision of data necessary to ensure that the Commission is able to meet its dissemination and reporting obligations including on the single portal for participants as well as through other Horizon 2020 electronic means of dissemination managed by the Commission;

(e) provisions for the publication of calls for proposals of the BBI Joint Undertaking also on the single portal for participants as well as through other Horizon 2020 electronic means of dissemination managed by the Commission;

(f) the use of and changes to human resources, in particular recruitment by function group, grade and category, the reclassification exercise and any changes to the number of staff members.

Article 4

Contributions of members other than the Union

1. The members of the BBI Joint Undertaking other than the Union shall make, or arrange for their constituent entities to make, a total contribution of at least EUR 2 730 000 000 over the period defined in Article 1.
2. The contributions referred to in paragraph 1 of this Article shall consist of the following:

(a) contributions to the BBI Joint Undertaking as laid down in Article 12(2), point (b) of Article 12(3) and point (c) of Article 12(3) of the Statutes.

(b) in kind contributions of at least EUR 1 755 000 000 over the period defined in Article 1 by the members other than the Union or their constituent entities consisting of the costs incurred by them in implementing additional activities outside the work plan of the BBI Joint Undertaking contributing to the objectives of the BBI Initiative. Other Union funding programmes may support those costs in compliance with the applicable rules and procedures. In such cases, Union financing shall not be a substitute for the in kind contributions from the members other than the Union or their constituent entities.

The costs referred to in point (b) shall not be eligible for financial support by the BBI Joint Undertaking. The corresponding activities shall be set out in an annual additional activities plan that shall indicate the estimated value of those contributions.

3. The members of the BBI Joint Undertaking other than the Union shall report each year by 31 January to the Governing Board of the BBI Joint Undertaking on the value of the contributions referred to in paragraph 2 made in each of the previous financial years. The States Representatives Group shall also be informed thereof in a timely manner.
4. For the purpose of valuing the contributions referred to in point (b) of paragraph 2 of this Article and point (c) of Article 12(3) of the Statutes, the costs shall be determined in accordance with the usual cost accounting practices of the entities concerned, to the applicable accounting standards of the country where the entity is established, and to the applicable International Accounting Standards and International Financial Reporting Standards. The costs shall be certified by an independent external auditor appointed by the entity concerned. The valuation method may be verified by the BBI Joint Undertaking should there be any uncertainty arising from the certification. For the purposes of this Regulation, the costs incurred in additional activities shall not be audited by the BBI Joint Undertaking or any Union body.

5. The Commission may terminate, proportionally reduce or suspend the Union's financial contribution to the BBI Joint Undertaking or trigger the winding-up procedure referred to in Article 20(2) of the Statutes if those members or their constituent entities do not contribute, contribute only partially or contribute late with regard to the contributions referred to in paragraph 2 of this Article. The Commission decision shall not hinder the reimbursement of eligible costs already incurred by the members by the time of the notification of the decision to the BBI Joint Undertaking.
Article 5
Financial rules

Without prejudice to Article 12 of this Regulation, the BBI Joint Undertaking shall adopt its specific financial rules in accordance with Article 209 of Regulation (EU, Euratom) No 966/2012 and Commission Delegated Regulation (EU) No 110/2014¹.

Article 6
Staff

1. The Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Union as laid down by Council Regulation (EEC, Euratom, ECSC) No 259/68² ("Staff Regulations" and "Conditions of Employment") and the rules adopted jointly by the institutions of the Union for the purpose of applying the Staff Regulations and Conditions of Employment shall apply to the staff of the BBI Joint Undertaking.

2. The Governing Board shall exercise, with respect to the staff of the BBI Joint Undertaking, the powers conferred by the Staff Regulations on the Appointing Authority and the powers conferred by the Conditions of Employment on the authority empowered to conclude contract ("the appointing authority powers").

The Governing Board shall adopt, in accordance with Article 110 of the Staff Regulations, a decision based on Article 2(1) of the Staff Regulations and on Article 6 of the Conditions of Employment delegating the relevant appointing authority powers to the Executive Director and defining the conditions under which that delegation may be suspended. The Executive Director is authorised to sub-delegate those powers.

Where exceptional circumstances so require, the Governing Board may by decision temporarily suspend the delegation of the appointing authority powers to the Executive Director and any sub-delegation by the latter. In such a case the Governing Board shall exercise itself the appointing authority powers or delegate them to one of its members or to a staff member of the BBI Joint Undertaking other than the Executive Director.

3. The Governing Board shall adopt appropriate implementing rules as regards the Staff Regulations and the Conditions of Employment in accordance with Article 110 of the Staff Regulations.

4. The staff resources shall be determined in the staff establishment plan of the BBI Joint Undertaking, indicating the number of temporary posts by function group and by grade and the number of contract staff expressed in full-time equivalents, in line with its annual budget.

5. The staff of the BBI Joint Undertaking shall consist of temporary staff and contract staff.

6. All costs related to staff shall be borne by the BBI Joint Undertaking.
**Article 7**

*Seconded national experts and trainees*

1. The BBI Joint Undertaking may make use of seconded national experts and trainees not employed by the BBI Joint Undertaking. The number of seconded national experts expressed in full-time equivalents shall be added to the information on staff resources as referred to in Article 6(4) in accordance with the annual budget.

2. The Governing Board shall adopt a decision laying down rules on the secondment of national experts to the BBI Joint Undertaking and on the use of trainees.

**Article 8**

*Privileges and Immunities*

The Protocol No 7 on the privileges and immunities of the European Union, annexed to the Treaty on European Union and TFEU, shall apply to the BBI Joint Undertaking and its staff.

**Article 9**

*Liability of the BBI Joint Undertaking*

1. The contractual liability of the BBI Joint Undertaking shall be governed by the relevant contractual provisions and by the law applicable to the agreement, decision or contract in question.
2. In the case of non-contractual liability, the BBI Joint Undertaking shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by its staff in the performance of their duties.

3. Any payment by the BBI Joint Undertaking in respect of the liability referred to in paragraphs 1 and 2 and the costs and expenses incurred in connection therewith shall be considered as expenditure of the BBI Joint Undertaking and shall be covered by its resources.

4. The BBI Joint Undertaking shall be solely responsible for meeting its obligations.

Article 10
Jurisdiction of the Court of Justice of the European Union and applicable law

1. The Court of Justice of the European Union shall have jurisdiction:

(a) pursuant to any arbitration clause contained in agreements or contracts concluded by the BBI Joint Undertaking, or in its decisions;

(b) in disputes relating to compensation for damage caused by the staff of the BBI Joint Undertaking in the performance of their duties;

(c) in any dispute between the BBI Joint Undertaking and its staff within the limits and under the conditions laid down in the Staff Regulations and the Conditions of Employment.
2. Regarding any matter not covered by this Regulation or by other Union legal acts, the law of the State where the seat of the BBI Joint Undertaking is located shall apply.

Article 11
Evaluation

1. By 30 June 2017, the Commission shall carry out, with the assistance of independent experts, an interim evaluation of the BBI Joint Undertaking. The Commission shall prepare a report on that evaluation, which shall include conclusions of the evaluation and observations by the Commission. The Commission shall send that report to the European Parliament and to the Council by 31 December 2017. The results of the interim evaluation of the BBI Joint Undertaking shall be taken into account in the in-depth assessment and in the interim evaluation referred to in Article 32 of Regulation (EU) No 1291/2013.

2. On the basis of the conclusions of the interim evaluation referred to in paragraph 1 of this Article, the Commission may act in accordance with Article 4(5) or take any other appropriate action.

3. Within six months after the winding-up of the BBI Joint Undertaking, but no later than two years after the triggering of the winding-up procedure referred to in Article 20 of the Statutes, the Commission shall conduct a final evaluation of the BBI Joint Undertaking. The results of that final evaluation shall be presented to the European Parliament and to the Council.
Article 12

Discharge

By way of derogation from Article 60(7) and Article 209 of Regulation (EU, Euratom) No 966/2012, the discharge for the implementation of the budget of the BBI Joint Undertaking shall be given by the European Parliament, upon recommendation of the Council in accordance with the procedure provided for in the financial rules of the BBI Joint Undertaking.

Article 13

Ex-post audits

1. Ex-post audits of expenditure on indirect actions shall be carried out by the BBI Joint Undertaking in accordance with Article 29 of Regulation (EU) No 1291/2013 as part of the Horizon 2020 indirect actions.

2. The Commission may decide to carry out itself the audits referred to in paragraph 1 of this Article. In such cases, it shall do so in accordance with the applicable rules, in particular Regulations (EU, Euratom) No 966/2012, (EU) No 1290/2013 and (EU) No 1291/2013.
Article 14

Protection of the financial interests of the members

1. The BBI Joint Undertaking shall grant Commission staff and other persons authorised by the BBI Joint Undertaking or the Commission, as well as the Court of Auditors, access to its sites and premises and to all the information, including information in electronic format, needed in order to conduct their audits.

2. The European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Council Regulation (Euratom, EC) No 2185/96\(^1\) and Regulation (EC, Euratom) No 883/2013 of the European Parliament and of the Council\(^2\) and with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with an agreement, decision or contract funded under this Regulation.

3. Without prejudice to paragraphs 1 and 2, agreements, decisions and contracts resulting from the implementation of this Regulation shall contain provisions expressly empowering the Commission, the BBI Joint Undertaking, the Court of Auditors and OLAF to conduct such audits and investigations, according to their respective competences.

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\(^1\) Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities’ financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

4. The BBI Joint Undertaking shall ensure that the financial interests of its members are adequately protected by carrying out or commissioning appropriate internal and external controls.

5. The BBI Joint Undertaking shall accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council and the Commission concerning internal investigations by the European Anti-Fraud Office (OLAF)\(^1\). The BBI Joint Undertaking shall adopt the necessary measures needed to facilitate internal investigations conducted by OLAF.

**Article 15**

Confidentiality

Without prejudice to Article 16, the BBI Joint Undertaking shall ensure the protection of sensitive information the disclosure of which could damage the interests of its members or of participants in the activities of the BBI Joint Undertaking.

**Article 16**

Transparency


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\(^1\) OJ L 136, 31.5.1999, p. 15.


3. Without prejudice to Article 10 of this Regulation, decisions taken by the BBI Joint Undertaking pursuant to Article 8 of Regulation (EC) No 1049/2001 may form the subject of a complaint to the Ombudsman under the conditions laid down in Article 228 TFEU.

**Article 17**

*Rules for participation and dissemination*

Regulation (EU) No 1290/2013 shall apply to the actions funded by the BBI Joint Undertaking. In accordance with that Regulation, the BBI Joint Undertaking shall be considered as a funding body and shall provide financial support to indirect actions as set out in Article 1 of the Statutes.

**Article 18**

*Support from the host State*

An administrative agreement may be concluded between the BBI Joint Undertaking and the State where its seat is located concerning privileges and immunities and other support to be provided by that State to the BBI Joint Undertaking.
Article 19
Initial actions

1. The Commission shall be responsible for the establishment and initial operation of the BBI Joint Undertaking until it has the operational capacity to implement its own budget. The Commission shall carry out, in accordance with Union law, all necessary actions in collaboration with the other members and with the involvement of the competent bodies of the BBI Joint Undertaking.

2. For the purpose referred to in paragraph 1:

   (a) until the Executive Director takes up his duties following his/her appointment by the Governing Board in accordance with Article 8 of the Statutes, the Commission may designate a Commission official to act as interim Executive Director and exercise the duties assigned to the Executive Director who may be assisted by a limited number of Commission officials:

   (b) by derogation from Article 6(2) of this Regulation, the interim Director shall exercise the appointing authority powers;

   (c) the Commission may assign a limited number of its officials on an interim basis.

3. The interim Executive Director may authorise all payments covered by the appropriations provided in the annual budget of the BBI Joint Undertaking once approved by the Governing Board and may conclude agreements, decisions and contracts, including staff contracts, following the adoption of the BBI Joint Undertaking's staff establishment plan.
4. The interim Executive Director shall, with the agreement of the Executive Director of the BBI Joint Undertaking and subject to the approval of the Governing Board, determine the date on which the BBI Joint Undertaking will have the capacity to implement its own budget. From that date, the Commission shall abstain from making commitments and executing payments for the activities of the BBI Joint Undertaking.

Article 20

Entry into force

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

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

Done at ..., 

For the Council

The President
ANNEX

STATUTES OF THE BIO-BASED INDUSTRIES JOINT UNDERTAKING

Article 1

Tasks

The BBI Joint Undertaking shall carry out the following tasks:

(a) ensure the establishment and sustainable management of the BBI Initiative;
(b) mobilise the public and private sector resources needed;
(c) establish and develop close and long-term cooperation between the Union, industry and the other stakeholders;
(d) ensure the efficiency of the BBI Initiative;
(e) reach the critical mass of research effort to embark on a long-term programme;
(f) monitor progress towards the achievement of the objectives of the BBI Joint Undertaking;
(g) provide financial support to research and innovation indirect actions mainly through grants;
(h) engage in information, communication, exploitation and dissemination activities by applying mutatis mutandis Article 28 of Regulation (EU) No 1291/2013, including making the detailed information on results from calls for proposals available and accessible in a common Horizon 2020 e-database;

(i) liaise with a broad range of stakeholders including research organisations and universities;

(j) any other task needed to achieve the objectives set out in Article 2 of this Regulation.

Article 2

Members

1. The members of the BBI Joint Undertaking shall be:

(a) the Union, represented by the Commission;

(b) upon acceptance of these Statutes, by means of a letter of endorsement, the Bio-based Industries Consortium Aisbl (the "BIC"), a non-profit organisation established under Belgium law, with its permanent office in Brussels, Belgium.

2. 'Constituent entities' are the entities that constitute each member of the BBI Joint Undertaking other than the Union, according to that member's Statutes.
Article 3

Changes to membership

1. Provided that it contributes to the funding referred to in Article 12 to achieve the objectives of the BBI Joint Undertaking set out in Article 2 of this Regulation, and accepts the Statutes of the BBI Joint Undertaking, any legal entity that directly or indirectly supports research and innovation in a Member State or in a country associated to Horizon 2020 may apply to become a member of the BBI Joint Undertaking.

2. Any application for membership to the BBI Joint Undertaking shall be addressed to the Governing Board of the BBI Joint Undertaking, accompanied by a proposal to adapt the composition of that Governing Board.

3. The Governing Board shall assess the application taking into account the relevance and the potential added value of the applicant as regards the achievement of the objectives of the BBI Joint Undertaking and shall decide on the application.

4. Any member may terminate its membership of the BBI Joint Undertaking. The termination shall become effective and irrevocable six months after notification to the other members. As from the date of termination, the former member shall be discharged from any obligations other than those approved or incurred by the BBI Joint Undertaking prior to terminating the membership.
5. Membership of the BBI Joint Undertaking may not be transferred to a third party without the prior agreement of the Governing Board.

6. Upon any change to membership pursuant to this Article, the BBI Joint Undertaking shall immediately publish on its website an updated list of its members, together with the date of such change.

Article 4
Bodies of the BBI Joint Undertaking

1. The bodies of the BBI Joint Undertaking shall be:

   (a) the Governing Board;
   
   (b) the Executive Director;
   
   (c) the Scientific Committee;
   
   (d) the States Representatives Group.

2. The Scientific Committee and the States Representatives Group shall be advisory bodies of the BBI Joint Undertaking.
Article 5
Composition of the Governing Board

The Governing Board shall be composed of the following:

(a) five representatives of the Commission, on behalf of the Union; and

(b) five representatives of the members other than the Union, at least one of which should be a Small and Medium Enterprise (SMEs) representative.

Article 6
Functioning of the Governing Board

1. The Union shall hold 50% of the voting rights. The voting rights of the Union shall be indivisible. The members other than the Union shall hold an equal number of votes. The Members shall use their best efforts to achieve consensus. Failing consensus, the Governing Board shall take its decisions by a majority of at least 75% of all votes, including the votes of those who are absent.

2. The Governing Board shall elect its chairperson for a period of two years.
3. The Governing Board shall hold its ordinary meetings twice a year. It may hold extraordinary meetings at the request of the Commission or of a majority of the representatives of the members other than the Union, or at the request of the chairperson. The meetings of the Governing Board shall be convened by its chairperson and shall usually take place at the seat of the BBI Joint Undertaking.

The Executive Director shall have the right to take part in the deliberations, but shall have no voting rights.

The chairperson of the States Representatives Group shall have the right to attend meetings of the Governing Board as an observer and take part in its deliberations, but shall have no voting rights.

The chairperson of the Scientific Committee shall have the right, whenever issues falling within its tasks are discussed, to attend meetings of the Governing Board as an observer and take part in its deliberations, but shall have no voting rights.

The Governing Board may invite, on a case by case basis, other persons to attend its meetings as observers, in particular representatives of regional authorities within the Union and representatives of civil society.

4. The representatives of the members shall not be personally liable for actions carried out in their capacity as representatives on the Governing Board.

5. The Governing Board shall adopt its own rules of procedure.
**Article 7**

*Tasks of the Governing Board*

1. The Governing Board shall have overall responsibility for the strategic orientation and the operations of the BBI Joint Undertaking and shall supervise the implementation of its activities.

2. The Commission, within its role in the Governing Board, shall seek to ensure coordination between the activities of the BBI Joint Undertaking and the relevant activities of Horizon 2020 with a view to promoting synergies when identifying priorities covered by collaborative research.

3. The Governing Board shall in particular carry out the following tasks:

   (a) assess, accept or reject applications for a membership in accordance with Article 3 of these Statutes;

   (b) decide on the termination of the membership in the BBI Joint Undertaking of any member that does not fulfil its obligations;

   (c) adopt the financial rules of the BBI Joint Undertaking in accordance with Article 5 of this Regulation;
(d) adopt the annual budget of the BBI Joint Undertaking, including the corresponding staff establishment plan indicating the number of temporary posts by function group and by grade as well as the number of contract staff and seconded national experts expressed in full-time equivalents;

(e) exercise the appointing authority powers with respect to the staff, in accordance with Article 6(2) of this Regulation;

(f) appoint, dismiss, extend the term of office of, provide guidance to and monitor the performance of the Executive Director;

(g) approve the organisational structure of the Programme Office upon recommendation of the Executive Director;

(h) adopt the annual work plan and the corresponding expenditure estimates, as proposed by the Executive Director after having consulted the Scientific Committee and the States Representatives Group;

(i) approve the annual additional activities plan referred to in point (b) of Article 4(2) of this Regulation on the basis of a proposal from the members other than the Union and after having consulted, where appropriate, an ad hoc advisory group;

(j) approve the annual activity report, including the corresponding expenditure;

(k) arrange, as appropriate, for the establishment of an internal audit capability of the BBI Joint Undertaking;
(l) approve the calls as well as, where appropriate, the related rules for submission, evaluation, selection, award and review procedures;

(m) approve the list of actions selected for funding on the basis of the ranking list produced by a panel of independent experts;

(n) establish the BBI Joint Undertaking's communications policy upon a recommendation by the Executive Director;

(o) where appropriate, establish implementing rules to the Staff Regulations and the Conditions of Employment in accordance with Article 6(3) of this Regulation;

(p) where appropriate, establish rules on the secondment of national experts to the BBI Joint Undertaking and on the use of trainees in accordance with Article 7 of this Regulation;

(q) where appropriate, set up advisory groups in addition to the bodies of the BBI Joint Undertaking;

(r) where appropriate, submit to the Commission a request to amend this Regulation proposed by a member of the BBI Joint Undertaking;

(s) be responsible for any task that is not specifically allocated to a particular body of the BBI Joint Undertaking which it may assign to any of those bodies;
Article 8
Appointment, dismissal or extension of the term of office of the Executive Director

1. The Executive Director shall be appointed by the Governing Board, from a list of candidates proposed by the Commission, following an open and transparent selection procedure. The Commission shall associate the representation from the other members of the BBI Joint Undertaking in the selection procedure as appropriate.

   In particular, an appropriate representation from the other members of the BBI Joint Undertaking shall be ensured at the pre-selection stage of the selection procedure. For that purpose, the members other than the Union shall appoint by common agreement a representative as well as an observer on behalf of the Governing Board.

2. The Executive Director shall be a member of staff and shall be engaged as a temporary agent of the BBI Joint Undertaking under point (a) of Article 2 of the Conditions of Employment.

   For the purpose of concluding the contract of the Executive Director, the BBI Joint Undertaking shall be represented by the chairperson of the Governing Board.

3. The term of office of the Executive Director shall be three years. By the end of that period, the Commission associating the members other than the Union as appropriate shall undertake an assessment of the performance of the Executive Director and the BBI Joint Undertaking's future tasks and challenges.
4. The Governing Board, acting on a proposal from the Commission which takes into account the assessment referred to in paragraph 3, may extend the term of office of the Executive Director once, for a period of no more than four years.

5. An Executive Director whose term of office has been extended may not participate in another selection procedure for the same post at the end of the overall period.

6. The Executive Director may be dismissed only upon a decision of the Governing Board acting on a proposal from the Commission associating the members other than the Union as appropriate.

**Article 9**

*Tasks of the Executive Director*

1. The Executive Director shall be the chief executive responsible for the day-to-day management of the BBI Joint Undertaking in accordance with the decisions of the Governing Board.

2. The Executive Director shall be the legal representative of the BBI Joint Undertaking. The Executive Director shall be accountable to the Governing Board.

3. The Executive Director shall implement the budget of the BBI Joint Undertaking.
4. The Executive Director shall, in particular, carry out the following tasks in an independent manner:

(a) prepare and submit for adoption to the Governing Board the draft annual budget, including the corresponding staff establishment plan indicating the number of temporary posts in each grade and function group and the number of contract staff and seconded national experts expressed in full-time equivalents;

(b) prepare and submit for adoption to the Governing Board the annual work plan and the corresponding expenditure estimates;

(c) submit for opinion to the Governing Board the annual accounts;

(d) prepare and submit for approval to the Governing Board the annual activity report, including the information on corresponding expenditure;

(e) submit for approval to the Governing Board the list of actions selected for funding;

(f) inform the States Representatives Group and the Scientific Committee regularly of all matters relevant to their advisory role;

(g) sign individual agreements and decisions;

(h) sign procurement contracts;

(i) implement the BBI Joint Undertaking's communications policy;
(j) organise, direct and supervise the operations and the staff of the BBI Joint Undertaking within the limits of the delegation by the Governing Board as provided for in Article 6(2) of this Regulation;

(k) establish and ensure the functioning of an effective and efficient internal control system and report any significant change to it to the Governing Board;

(l) ensure that risk assessment and risk management are performed;

(m) take any other measures needed for assessing the progress of the BBI Joint Undertaking towards achieving its objectives;

(n) perform any other tasks entrusted or delegated to the Executive Director by the Governing Board.

5. The Executive Director shall set up a Programme Office for the execution, under his or her responsibility, of all support tasks arising from this Regulation. The Programme Office shall be composed of the staff of BBI Joint Undertaking and shall in particular carry out the following tasks:

(a) provide support in establishing and managing an appropriate accounting system in accordance with the financial rules of the BBI Joint Undertaking;

(b) manage the calls as provided for in the annual work plan and the administration of the agreements and decisions, including their coordination;
(c) provide to the Members and the other bodies of the BBI Joint Undertaking all relevant information and support necessary for them to perform their duties as well as responding to their specific requests;

(d) act as the secretariat of the bodies of the BBI Joint Undertaking and provide support to advisory groups set up by the Governing Board.

Article 10

Scientific Committee

1. The Scientific Committee shall consist of no more than fifteen members. It shall elect a chairperson from among its members.

2. The members shall reflect a balanced representation of world-wide recognised experts from academia, industry, SMEs, non-governmental organisations and regulatory bodies. Collectively, the Scientific Committee members shall have the necessary scientific competencies and expertise covering the technical domain needed to make science-based recommendations to the BBI Joint Undertaking.

3. The Governing Board shall establish the specific criteria and selection process for the composition of the Scientific Committee and shall appoint its members. The Governing Board shall take into consideration the potential candidates proposed by the BBI States Representatives Group.
4. The Scientific Committee shall carry out the following tasks:

(a) advise on the scientific priorities to be addressed in the annual work plans;

(b) advise on the scientific achievements described in the annual activity report.

5. The Scientific Committee shall meet at least twice a year. The meetings shall be convened by its chairperson.

6. The Scientific Committee may, with the agreement of the chairperson, invite other persons to attend its meetings.

7. The Scientific Committee shall adopt its own rules of procedure.

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**Article 11**

*States Representatives Group*

1. The States Representatives Group shall consist of one representative of each Member State and of each country associated to Horizon 2020. It shall elect a chairperson among its members.

2. The States Representatives Group shall meet at least twice a year. The meetings shall be convened by its chairperson. The Executive Director and the chairperson of the Governing Board or their representatives shall attend the meetings.
The chairperson of the States Representatives Group may invite other persons to attend its meetings as observers, in particular representatives of regional authorities within the Union, representatives of civil society or representatives of SME associations.

3. The States Representatives Group shall be consulted and, in particular, review information and provide opinions on the following matters:

   (a) programme progress of the BBI Joint Undertaking and achievement of its targets, including the calls for proposals and proposals evaluation process;

   (b) updating of strategic orientation;

   (c) links to Horizon 2020;

   (d) annual work plans;

   (e) involvement of SMEs.

4. The States Representatives Group shall also provide information to, and act as an interface within, the BBI Joint Undertaking on the following matters:

   (a) the status of relevant national or regional research and innovation programmes and identification of potential areas of cooperation, including deployment of relevant technologies, to allow synergies and avoid overlaps;

   (b) specific measures taken at national or regional level with regard to dissemination events, dedicated technical workshops and communication activities.
(c) specific measures taken at national or regional level with regard to deployment activities in relation to the BBI Initiative.

5. The States Representatives Group may issue, on its own initiative, recommendations or proposals to the Governing Board on technical, managerial and financial matters as well as on annual plans, in particular when those matters affect national or regional interests.

The Governing Board shall inform without undue delay the States Representatives Group of the follow-up it has given to such recommendations or proposals, or it shall give reasons if they are not followed up.

6. The States Representatives Group shall receive information on a regular basis, among others on the participation in indirect actions funded by the BBI Joint Undertaking, on the outcome of each call for proposals and project implementation, on synergies with other relevant Union programmes, and on the execution of the BBI budget.

7. The States Representatives Group shall adopt its own rules of procedure.

Article 12

Sources of financing

1. The BBI Joint Undertaking shall be jointly funded by the Union and the members other than the Union or their constituent entities through financial contributions paid in instalments and contributions consisting of the costs incurred by them in implementing indirect actions that are not reimbursed by the BBI Joint Undertaking.
2. The administrative costs of the BBI Joint Undertaking shall not exceed EUR 58 500 000 and shall be covered by means of financial contributions divided equally on an annual basis between the Union and the members other than the Union. If part of the contribution for administrative costs is not used, it may be made available to cover the operational costs of the BBI Joint Undertaking.

3. The operational costs of the BBI Joint Undertaking shall be covered by means of:
   (a) the Union's financial contribution;
   (b) financial contribution by the members other than the Union;
   (c) in kind contributions by the members other than the Union or their constituent entities consisting of the costs incurred by them in implementing indirect actions less the contribution of the BBI Joint Undertaking and any other Union contribution to those costs.

4. The financial contribution by the members other than the Union to the operational costs referred to in paragraph 3(b) shall be at least EUR 182 500 000 over the period provided for in Article 1 of this Regulation.

5. The resources of the BBI Joint Undertaking entered to its budget shall be composed of the following contributions:
   (a) members' financial contributions to the administrative costs;
   (b) members' financial contributions to the operational costs;
(c) any revenue generated by the BBI Joint Undertaking;

(d) any other financial contributions, resources and revenues.

Any interest yielded by the contributions paid to the BBI Joint Undertaking by its members shall be considered to be its revenue.

6. All resources of the BBI Joint Undertaking and its activities shall be devoted to the objectives set out in Article 2 of this Regulation.

7. The BBI Joint Undertaking shall own all assets generated by it or transferred to it for the fulfilment of its objectives.

8. Except when the BBI Joint Undertaking is wound up, any excess revenue over expenditure shall not be paid to the members of the BBI Joint Undertaking.

Article 13

Financial commitments

The financial commitments of the BBI Joint Undertaking shall not exceed the amount of financial resources available or committed to its budget by its members.

Article 14

Financial year

The financial year shall run from 1 January to 31 December.
Article 15
Operational and financial planning

1. The Executive Director shall submit for adoption to the Governing Board a draft annual work plan, which shall include a detailed plan of the research and innovation activities, the administrative activities and the corresponding expenditure estimates for the coming year. The draft work plan shall also include the estimated value of the contributions to be made in accordance with point (c) of Article 12(3) of the Statutes.

2. The annual work plan for a particular year shall be adopted by the end of the previous year. The annual work plan shall be made publicly available.

3. The Executive Director shall prepare the draft annual budget for the following year and submit it to the Governing Board for adoption.

4. The annual budget for a particular year shall be adopted by the Governing Board by the end of the previous year.

5. The annual budget shall be adapted in order to take into account the amount of the Union's financial contribution as set out in the Union budget.
1. The Executive Director shall report annually to the Governing Board on the performance of the duties of the Executive Director in accordance with the financial rules of the BBI Joint Undertaking.

Within two months of the closure of each financial year, the Executive Director shall submit to the Governing Board for approval an annual activity report on the progress made by the BBI Joint Undertaking in the previous calendar year, in particular in relation to the annual work plan for that year. The annual activity report shall include, inter alia, information on the following matters:

(a) research, innovation and other actions carried out and the corresponding expenditure;

(b) the actions submitted, including a breakdown by participant type, including SMEs, and by country;

(c) the actions selected for funding, including a breakdown by participant type, including SMEs, and by country and indicating the contribution of the BBI Joint Undertaking to the individual participants and actions.

2. Once approved by the Governing Board, the annual activity report shall be made publicly available.
3. By 1 March of the following financial year, the accounting officer of the BBI Joint Undertaking shall send the provisional accounts to the Commission's accounting officer and the Court of Auditors.

By 31 March of the following financial year, the BBI Joint Undertaking shall send the report on the budgetary and financial management to the European Parliament, the Council and the Court of Auditors.

On receipt of the Court of Auditors' observations on the BBI Joint Undertaking's provisional accounts pursuant to Article 148 of Regulation (EU, Euratom) No 966/2012, the accounting officer of the BBI Joint Undertaking shall draw up the BBI Joint Undertaking's final accounts and the Executive Director shall submit them to the Governing Board for an opinion.

The Governing Board shall deliver an opinion on the BBI Joint Undertaking's final accounts.

The Executive Director shall, by 1 July of the following financial year, send the final accounts to the European Parliament, the Council, the Commission and the Court of Auditors, together with the Governing Board's opinion.

The final accounts shall be published in the *Official Journal of the European Union* by 15 November of the following financial year.
The Executive Director shall provide the Court of Auditors with a reply to its observations made in its annual report by 30 September. The Executive Director shall also submit that reply to the Governing Board.

The Executive Director shall submit to the European Parliament, at the latter's request, any information required for the smooth application of the discharge procedure for the financial year in question, in accordance with Article 165(3) of Regulation (EU, Euratom) No 966/2012.

Article 17
Internal audit

The Commission's internal auditor shall exercise the same powers over the BBI Joint Undertaking as those exercised in respect of the Commission.

Article 18
Liability of members and insurance

1. The financial liability of the members for the debts of the BBI Joint Undertaking shall be limited to their contributions already made to the administrative costs.

2. The BBI Joint Undertaking shall take out and maintain appropriate insurance.
Article 19
Conflict of interest

1. The BBI Joint Undertaking, its bodies and staff shall avoid any conflict of interest in the implementation of their activities.

2. The BBI Joint Undertaking Governing Board shall adopt rules for the prevention and management of conflicts of interest in respect of its members, bodies and staff. Those rules shall contain the provisions intended to avoid a conflict of interest in respect of the representatives of the members serving in the Governing Board.

Article 20
Winding up

1. The BBI Joint Undertaking shall be wound up at the end of the period laid down in Article 1 of this Regulation.

2. In addition to paragraph 1, the winding-up procedure shall be automatically triggered if the Union or all members other than the Union withdraw from the BBI Joint Undertaking.

3. For the purpose of conducting the proceedings to wind up the BBI Joint Undertaking, the Governing Board shall appoint one or more liquidators, who shall comply with the decisions of the Governing Board.
4. When the BBI Joint Undertaking is being wound up, its assets shall be used to cover its liabilities and the expenditure relating to its winding-up. Any surplus shall be distributed among the members at the time of the winding-up in proportion to their financial contribution to the BBI Joint Undertaking. Any such surplus distributed to the Union shall be returned to the Union budget.

5. An *ad hoc* procedure shall be set up to ensure the appropriate management of any agreement concluded or decision adopted by the BBI Joint Undertaking as well as any procurement contract with a duration longer than the duration of the BBI Joint Undertaking.