

CONTRACTUAL ARRANGEMENT
SETTING UP A PUBLIC-PRIVATE PARTNERSHIP IN THE AREA OF PHOTONICS
BETWEEN
THE PHOTONICS 21 ASSOCIATION
AND
THE EUROPEAN UNION

The Photonics 21 Association, the registered offices of which are in Officepark Zuiderpoort, Gaston Crommenlaan 10 bus 101 blok C3, 9050 Gent-Ledeberg, Belgium, hereinafter referred to as "the Private Side", and the European Union, represented by the Commission, (jointly hereinafter referred to as "the Parties"),

CONSIDERING THAT:

- The Horizon 2020 Framework Programme of the European Union for research and innovation¹ may be implemented through public-private partnerships taking the form of a contractual arrangement between the partners committed to support the development and implementation of research and innovation activities of strategic importance to the Union's competitiveness and industrial leadership;
- The Specific Programme Implementing Horizon 2020² has identified potential areas for establishing public-private partnerships;
- The Rules for participation and dissemination in Horizon 2020³ apply to the indirect actions to be financed by the Commission in the context of this arrangement;
- The Commission Communication of 21 September 2011 on Partnering in Research and Innovation⁴ recognises that public-private partnerships in research and innovation are a means of strengthening the Union's competitiveness in key areas of industrial research;
- In its Communication on "Public-private partnerships in Horizon 2020: a powerful tool to deliver on innovation and growth in Europe"⁵, the Commission has presented suitable areas for potential public-private partnerships based on contractual arrangements, as well as the steps to be followed before they are launched, and one of these areas is Photonics.

¹ Not yet published in the Official Journal.

² Not yet published in the Official Journal.

³ Not yet published in the Official Journal.

⁴ COM(2011)572

⁵ COM(2013)494

- The proposal received from the Private Side, which has been evaluated by Commission services assisted by independent experts, has been found to fulfil the criteria referred to in Article 19 paragraph 3 of the regulation¹ on Horizon 2020 Framework Programme for Research and Innovation; the multi-annual roadmap provided in the Annex can be taken as the basis to develop the co-operation under the present arrangement;
- Pursuant to Article 3 of the Statute of Photonics 21 Association, it shall engage in a public-private partnership with the European Union to promote R&D in the Photonics industry in order to strengthen the Photonics industry in the European Union, to foster technology skills in Europe by attracting students and to increase the competitiveness of the European industry by providing new tools and capabilities for manufacturing in Europe;
- This contractual arrangement constitutes an agreement in which the Parties will make their best effort to achieve the objectives. Neither Party shall be liable under this arrangement towards the other Party;

RECOGNISING THAT:

- The respective responsibilities of the Parties in the aforementioned areas are mutually reinforcing,
- Due regard should be given to the respective competences and operational frameworks of the Parties,

HAVE DECIDED THE FOLLOWING:

1. **SCOPE:** A public-private partnership in the area of Photonics, hereinafter referred to as “the partnership”, is established between the Parties by the present contractual arrangement, to be implemented in an open, transparent and efficient way. The general objectives of the partnership in support of Union policies, and in particular of the specific objectives of the Horizon 2020 Framework Programme and the EU Industrial policy, are the following:
 - Foster photonics manufacturing, job and wealth creation in Europe through a long term investment commitment by both industry and the European Commission;
 - Accelerate Europe’s innovation process and time to market by addressing the full innovation and value chain in a number of market sectors where European photonics industry is particularly strong;
 - Mobilise, pool and leverage public and private resources to provide successful solutions for some of the major societal challenges facing Europe, in particular in healthcare & well-being, and energy efficiency.
2. **SPECIFIC OBJECTIVES:** The Parties intend to cooperate, on the basis of the multi-annual roadmap provided in the Annex, to develop, implement and support a multi-annual

research and innovation agenda. The specific objectives of the partnership are the following:

Objectives for Improved Competitiveness

- Increase the production volume and revenue growth, as well as maintain or even increase to more than 18% the European share of the world market through reinforced competitiveness and innovation potential of the European photonics industry;
- Increase the uptake of photonics based technologies by end-user companies, in particular SMEs, where this can provide a competitive edge to their products;
- Stimulate existing and new business ecosystems along and across the value chain, reinforcing Europe's competitive capabilities in existing and new market segments;
- Increase the competitiveness of SMEs by providing EU-wide access to photonics technology, experimentation and manufacturing capabilities.

Objectives for Innovation

- Address the "valley of death" by accelerating the wide diffusion of photonics technologies in many industry sectors and the emergence of new business ecosystems;
- Develop additional capabilities in new product segments, new manufacturing capabilities, new applications, and new technology areas;
- Make the innovation process more inclusive, sustainable and effective through the direct involvement of players along and across the full value chain.

Objectives for Socio-Economic Benefits

- By 2020, increase at least by 10% the number of high skill jobs in the photonics industry and through leverage in other industry sectors;
- Increase training and education opportunities for securing a skilled workforce.

3. **ACTIVITIES, INVESTMENT and OUTPUTS:** The research and innovation activities to be co-funded under the Horizon 2020 Framework Programme in the scope of the partnership will be subject to the Horizon 2020 Rules for participation and dissemination. The Commission intends to allocate from the Union budget an indicative financial envelope of EUR 700 million for the period of 2014-2020 for those research and innovation activities (from DG Communications Networks, Content and Technology). These allocations will be included in the periodic Horizon 2020 work programmes. The Private Side commits to engage the stakeholder community to invest funds in research and innovation activities specific to the partnership domain both by complementing the Commission's support to the projects for the implementation of the research and innovation agenda within the Horizon 2020 Framework Programme, and to provide other outputs outside it, as mentioned in point 6 and in the Annex.

4. **GOVERNANCE:** The Parties will establish a Partnership Board as the main mechanism for dialogue to reach the objectives foreseen by this contractual arrangement. The Partnership Board will comprise members nominated by the Private Side, ensuring a proper representation of the wider community of stakeholders, and Commission officials representing the services in charge of the EU financial contribution to the actions to be funded under the partnership. The Partnership Board will establish its rules for procedure, based on a harmonised proposal provided by the Commission, covering inter alia issues related to confidentiality, transparency and avoidance of conflicts of interest. The Parties may also meet at high level to review the work of the Partnership Board, take stock of the progress achieved by the partnership and discuss further ways to enhance mutual collaboration. The Private Side will decide on its own governance structures and implement the appropriate consultation processes, based on openness and transparency, to ensure the adequate involvement of all relevant stakeholders in the preparation of the inputs to the Commission.
5. **SPECIFIC COMMITMENTS OF THE COMMISSION:** The Commission commits to duly consider inputs and advice from the Private Side in order to identify research and innovation activities to be proposed for financial support under the Horizon 2020 Framework Programme. For that purpose, the Commission commits to maintain regular dialogue with the Private Side during the preparatory phase of the drafting of the work programmes referred to in Article 5 of the Specific Programme. In this context, the Commission will ensure through the rules for procedure of the Partnership Board that the inputs and advice received from the Private side are developed through an adequate involvement of all relevant stakeholders and will put emphasis on the appropriateness of the Private side's governance structure regarding the openness to new members.
6. **SPECIFIC COMMITMENTS OF THE PRIVATE SIDE:** The Private Side commits to provide inputs and advice to the Commission to achieve the objectives of the partnership, in particular to contribute to the identification of research and innovation activities to be included in the Horizon 2020 work programmes in view of financial support following the calls for proposals. The Private Side also commits to the following:
 - European Photonics Industry Investment of a factor of 4 on top of the EC contribution in activities directly related to the specific objectives of the PPP;
 - Ensure an open and transparent operation of the Private Side including a board consultation process and democratic decision making process;
 - Provide solutions that address the major societal challenges and to work closely with relevant actors in the value chain, including end-users;
 - Work closely with SMEs along the entire value chain and in particular through the support of open innovation;
 - Develop and support initiatives for training, education and outreach to young people;
 - Disseminate successful results within sector and to general public.

The Private Side will provide evidence of fulfilling its commitment to the objectives of

the partnership, addressing the key performance indicators, and ensure that the specific commitments expressed in terms of investments, as indicated in the Annex, are respected. The Private Side will invite the Commission to attend its General Assembly and other relevant meetings, subject to its own procedures.

7. **MONITORING:** With due regard to their respective competences, institutional settings and operational frameworks, the Parties will regularly inform and consult each other, as appropriate, in particular in order to monitor the progress of the partnership towards its objectives and to assess the impact of its activities and the leverage of additional investments. The key performance indicators will include the following:

Impact on the Industrial Competitiveness and Economy

- Investment from the private-side in the specific objectives of the PPP;
- The market share of the European photonics industry of the global photonics market by 2020.

Socio-Economic Impacts

- Number of people directly employed by the photonics industry;
- Success stories, such as major technology breakthroughs, new industrial sectors or markets, breakthrough solutions for specific societal challenges;
- Activities undertaken to attract young minds to photonics or the number of young students addressed by educational material on photonics.

Operational aspects

- Efficiency, openness and transparency of the PPP Consultation Process;
- Progress against technology roadmap, participation in projects across value chain.

The Commission will regularly monitor the progress towards achieving the partnership objectives, for the duration of the contractual arrangement and for three years after its end, in particular on the basis of evidence to be provided by the Private Side.

8. **APPLICATION OF THIS ARRANGEMENT:** Any provision of this contractual arrangement takes precedence over the Annex. Any issues related to the interpretation and implementation of the present arrangement will be decided upon in consultation by the Parties. Amendments to this arrangement may be requested by any of the Parties by registered letter.
9. **DURATION AND REVIEW:** This contractual arrangement enters into force as from 1 January 2014 and will remain in force until 31 December 2020. Any of the Parties may communicate by registered letter at any time the motivated intention to terminate this arrangement. The termination will be effective three months after the sending of this letter. No later than 30 June 2017 the Commission intends to undertake, with the assistance of independent experts, a review covering the performance of the partnership and the progress towards its objectives. On the basis of the review, the Commission may

request amendments to this contractual arrangement or decide its termination. A final review will also be undertaken before the end of Horizon 2020.

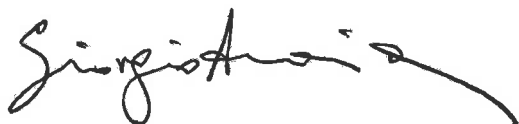
10. ANNEX: Multi-annual roadmap for the partnership.

Done in duplicate at Brussels on 17 December 2013.

FOR PHOTONICS 21 ASSOCIATION

FOR THE EUROPEAN COMMISSION

Giorgio ANANIA
Board Member



Neelie KROES
Vice-President in charge
of Digital Agenda



Bernd SCHULTE
Board Member

