



Co-funded by the
European Union

Success Sharing Mechanism 2023-2025

FAQ

In return for EIT Food funding to de-risk your commercial investment in food systems change, we will ask you to participate in a Success Sharing Mechanism (SSM) that EIT Food can reinvest in the community. This way, you support future risk-takers changing the food system, while financial risk today is significantly reduced.

The 2023-2025 SSM spans three phases, which corresponds to the progress of market uptake of the proposed innovation.

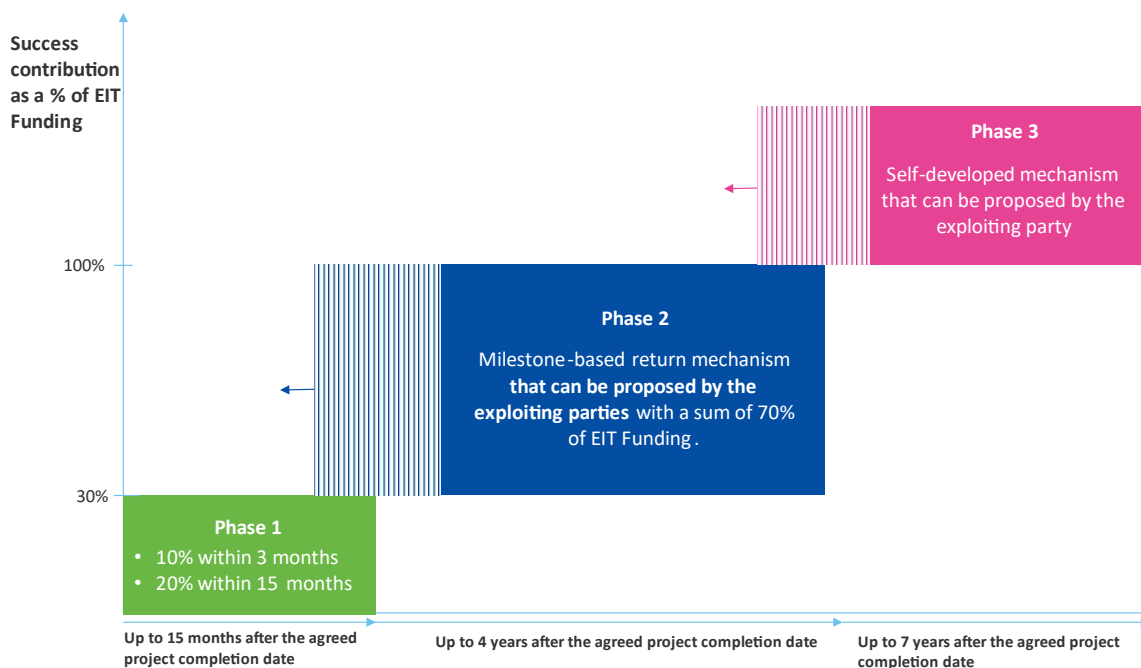
The SSM enters into force at the completion date of the EIT Food funded activity (as defined in the original proposal and agreed upon by EIT Food), with success sharing contributions spanning across the different phases.

Q: Why is there a Success Sharing Mechanism?

A: It is an EIT requirement that any organisation making commercial gains from EIT grant funding must share that success back into their community.

Q: Have you got a recommended structure to do this?

A: We have set out three phases that correspond to progress of market uptake of the proposed innovation as depicted in the illustration below.



The SSM enters into force at the completion date of the EIT Food funded activity (as defined in the original proposal and agreed upon by EIT Food), with success sharing contributions spanning across the different phases.

EIT Food will periodically monitor commercialisation progress to track the progress within each phase. For a detailed explanation of the SSM, please refer to Annex C in the [Success Sharing Mechanism Template](#).

Q: Does the SSM apply to all projects and programmes?

A: Consortia working on projects and programmes with exploitable results e.g., products, services, intellectual property, from which a **commercial upside** is expected should share the benefits with the community.

Exploitable results that are not-for-profit in nature, but make a significant contribution to our impact indicators, are entitled to request a full or partial waiver of the SSM during the application process. To apply for a waiver, please complete the relevant section of the application form. Any such waiver is granted at the sole discretion of EIT Food’s Executive Management Team.

For Collaborative Missions Programmes it may be that only certain activities will deliver commercial exploitable results. We recommend that these commercial exploitable results are grouped together in dedicated work packages. Only the proportion of funding dedicated to these commercial Work Packages would be subject to the SSM.

Definition of exploitation: “Exploitation” or “Exploit” shall mean the direct or indirect use of results of the EIT Food-funded activity in:

- i) further research activities other than those covered by the project concerned
- ii) developing, creating or marketing a product or process
- iii) creating and providing a service or in standardization activities.

Exploitation or Exploit as defined in this SSM does not include use of results for academic or other non-commercial research activities or teaching. In plain language, “Exploitation” means the use of the results for commercial purposes, of selling, marketing, licensing, distributing products and services.

Q: If I want to apply for a waiver, what should I include as evidence in my application?

A: If you intend to ask for a waiver on an SSM on the basis that your project outputs are non-commercial, you must be able to show significant other benefits and impacts demonstrated to support your request e.g. harm reduction/ avoidance figures, open-source release of results or findings, etc.

Q: Does the SSM apply to all the consortium participants?

A: The SSM is a responsibility shared by the entire consortium. As such, the consortium participants must agree how to manage this responsibility. Ideally, this is agreed before project start and in writing via a consortium agreement.

In most cases, the exploiting party(ies) will be the party executing the SSM Agreement with EIT Food. However, the consortium can agree on to share SSM responsibilities and or provide post-project support to the exploiting party(ies) in promoting commercial success.

Q: How is the SSM calculated?

A: The minimum required contribution will be calculated on the total EIT Food funding budget for the lifetime of the Activity (project). Any subsequent budget amendment resulting from the monitoring process and approved through the Business Plan Amendment will be taken into consideration for the final calculation.

Questions relating to Phase 1:

Q: When is the SSM “triggered”?

A: The SSM is triggered at the project completion date as specified in the application proposal and as agreed in the signed project agreement with EIT Food.

Q: Is the 30% contribution mandatory regardless of project outcomes?

A: As a community we are invested in your success. Only if your project is successful -as projected in your proposal- will we ask you to pay that success forward alongside others in our community. This allows us to reinvest in more systems change to benefit us all.

EIT Food expects that consortia have detailed and thoughtful plans for exploitation of project results. Plans should take into account the achieved and/or anticipated performance of the innovation and potential commercial success.

By fulfilling the contribution obligations in phase 1, the consortium will secure the exclusivity of intellectual property related to the innovation, securing its commercial potential.

If the consortium decides not to further pursue exploitation of the project results e.g., due to technological failure/underperformance or limited commercial potential, the SSM contribution in phase 1 is waived in agreement with EIT Food. At this point, EIT Food will trigger an intellectual property recovery process which enables EIT Food to pursue alternative exploitation routes (see also question on IP Recovery).

Q: If the consortium has the intent to exploit, but is unable to contribute to the SSM e.g. due to cashflow limitations of the exploiting party or limited revenues generated by the innovation, can contributions be waived or postponed?

A: The contribution in Phase 1 is de-coupled from the commercial success of the innovation.

EIT Food expects consortia to start projects on the basis of success. This entails a plan for accruing the contribution in Phase 1 throughout and shortly after project completion. Fulfilling the SSM obligations in Phase 1 in a timely manner will secure the proprietary position of the intellectual property generated by the consortium in the project.

Q: What does “Intellectual Property Recovery” entail and what will EIT Food do with the additional Intellectual Property Access Rights?

A: EIT Food has an obligation to the European Commission to maximize the impact of every Euro spent towards improving our food system. At EIT Food, we strive to maximize the contribution of co-funded project results towards this goal. We therefore strongly promote commercial exploitation of project results as a means of scaling the impact of EIT Food and the community it supports.

Accordingly, EIT Food may wish to recover Intellectual Property (IP) that is not exploited by consortia. This IP recovery entails granting EIT Food with additional Access Rights to the IP developed as part of the project.

EIT Food may use additional Access Rights for publication in scientific papers, benchmarking or looking for alternative ways to exploit the IP. The latter may include reorientation of the exploitation by onboarding other EIT Food partners or companies in the EIT Food ecosystem to contribute or replace the exploiting party.

The Access Rights may be exclusive or non-exclusive, fully paid-up, irrevocable, world-wide and enable the use of results for the enhancement of EIT Food and EIT Food Participants. The Access Rights include the right to grant sublicenses and a fair and reasonable compensation will be agreed in good faith with the EIT Food Participants owning the results. Additionally, each participant in the consortium agrees to negotiate in good faith the Access Rights to Background IP if this is needed for exploitation by EIT Food or sublicensees.

Q: If the SSM contribution in Phase 1 is not fulfilled, does that conclude the SSM?

A: If a consortium does not fulfil the contribution in phase 1, but the project results are in fact being commercialised later, the Success Sharing contributions linked to the milestones in Phase 1 & 2 still apply. Not fulfilling the Success Sharing contributions in Phase 1 gives EIT Food the option to additional Access Rights to the IP.

Questions relating to Phase 2:

Q: What happens if the milestones included in Phase 2 are not achieved?

A: The Success Sharing contributions in Phase 2 are linked to milestones (proposed by the project participants) that are linked to successful exploitation of project results.

Naturally, the degree of successful exploitation will vary from project to project. If exploitation is unsuccessful (meaning the milestones are not achieved), EIT Food, together with the participants, will explore how success can be instilled or promoted. This will be evaluated on a case-by-case basis and in a collaborative manner. If the milestones are not finally achieved, there is no further Success Sharing.

It must be noted that if the expected milestone timeline is not met, the Success Sharing contribution can still be triggered when the milestone is met at a later point in-time but within the timespan specified within SSM Agreement.

Q: What are suitable milestones to propose in Phase 2?

A: Participants have full flexibility in which milestones you choose, however, the milestones must be SMART (Specific, Measurable, Attainable, Relevant to the success of the innovation and Time bound).

EIT Food will assess the quality of the SSM proposal based on these elements.

As an example, Phase 2 milestones could relate to:

- Sales/revenues/profits
- Market penetration e.g. Product launch (in new markets (geographies/segments))
- Securing and valorising IP e.g. IP protection, IP transfer, licensing agreements etc.
- Operational capacity e.g. production capacity, production volumes, sales teams etc.
- Financing events e.g. investment round, IPO, loan etc.

The inclusion of revenue-based milestones is encouraged as these usually fulfil the “SMART” requirements listed above.

Questions relating to Phase 3:

Q: When does Phase 3 start?

A: In principle, Phase 3 of the SSM starts 4 years after project completion. At this point, we would expect that the milestones in Phase 2 are achieved. If the Phase 2 milestones are not met 4 years after project completion, the SSM will be re-evaluated.

In principle, Phase 2 milestones will flow into subsequent years and the expectations for Phase 3 will be re-adjusted in agreement with EIT Food. This may be an amendment of the terms and conditions agreed upon (including adjusted timing).

Q: How long does Phase 3 last?

A: The options for Success Sharing contributions in Phase 3 can be proposed by consortia. They can include, amongst others, milestones-based contributions, equity shares, revenue sharing, or royalties. Depending on the contribution mechanism proposed, timelines may differ.

In principle, EIT Food favours contributions that are materialized within 7 years of project completion.

Q: What is the (minimum) return that EIT Food is looking for in phase 3?

A: Phase 3 is important for the financial sustainability of EIT Food. It ensures that successful innovations cover (to a certain degree) the losses EIT Food incurs with less successful projects. This is the essence of having a portfolio of innovations. As such, Phase 3 is considered a risk-related, project-specific mark-up. Meaning, the higher the perceived financial risk, the higher the expected potential returns for the beneficiaries and thus the higher the expected contribution to EIT Food.