



Up2Circ Guide for Applicants

In its second open call, Up2Circ Accelerator expects to support up to 40 projects to validate the adoption of circular business models and implement concrete actions towards circular products, processes and services. The budget allocation for the call is €1.020.000,00.

Call opening: March 1st, 2025

Call closure: April 30th, 2025, 23:59 CET

Admissibility and eligibility check: from May 5th to May 9th

Evaluation: from May 12th to June 11th, 2025

Announcement of results: June 13th, 2025

Projects starting date: fixed date July 1st, 2025

Small scale projects end date: fixed date December 30th, 2025

Large scale projects end date: fixed date June 30th, 2026

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1. About Up2Circ and its objectives

The [EU Green Deal](#) sets ambitious goals to transform the EU into a modern, resource-efficient and competitive economy, striving for no net emissions of greenhouse gases by 2050, economic growth decoupled from resource use and no person, and no place left behind. The EU's transition to a circular economy as outlined in the [Circular Economy Action Plan](#) shall create sustainable growth and jobs and increase competitiveness of Europe's economy harnessing the significant potential in global markets for low-emission technologies, sustainable products and services, meanwhile reducing pressure on natural resources.

[Up2Circ](#) is a project funded by the European Commission's Horizon Europe programme with the overall objective to accelerate and scale the transition of European SMEs towards a circular economy. Up2Circ covers the entire value chain from awareness raising, education and training, tailored advisory service to funding of concrete transition projects towards a circular economy. The Up2Circ-Accelerator aims to mobilise and enable SMEs for the uptake of circular business models, circular product design and circular processes. It accompanies SMEs with a client-centric, customised advisory approach from exploration of opportunities to concrete implementation projects along the circular strategies to narrow (use less), slow (use longer), close (use again), regenerate (make clean) and inform (use data) material and energy flows.

Up2Circ encourages the uptake of advanced technologies and social innovation as enablers and drivers of a successful transition towards a modern, digitalized, resource-efficient and competitive circular economy. Advanced technologies like new materials, digitalisation, industrial biotechnology and additive manufacturing can significantly support the transition to circularity and can increase competitiveness and resilience of enterprises as elaborated in [European Industrial Strategy](#). Social innovation is a key driver for economic success of circular transition as it enables businesses to fully develop their human capital potential and is essential to rethink and reshape current practices of producing and consuming to enhance resource efficiency while satisfying customers' needs.

Up2Circ focuses on innovation and transformation measures that individual SMEs can realistically achieve. Up2Circ especially targets SMEs that are not aware yet how they could best innovate to transform. That is why in the Up2Circ-Accelerator capacity building comes prior to funding and [customised advisory](#) as well as active participation in the [Up2Circ Academy](#) is an eligibility criterion for submission of proposals to this call.

2. Eligibility criteria

2.1 Eligible applicants

Projects must be submitted by a single [SME](#)¹ from the EU Member States (EU 27) that fulfils the following two criteria before the submission deadline:

- **Customised advisory:** Applicants must upload the Up2Circ Assessment Report, completed with the support of an Up2Circ advisor. The Up2Circ advisor will assist the applicant in conducting a circularity assessment followed by completing the Up2Circ Assessment Report, which will outline the SME's strengths, weaknesses, and suggested improvements. To ensure geographical coverage beyond the Up2Circ partner regions, Up2Circ cooperates with

¹ SME status should be checked by applicants using the [EU SME self-assessment questionnaire](#).

multipliers, mainly with the sustainability advisors of Enterprise Europe Network (EEN), for this task. SMEs not yet connected to the EEN can contact their local EEN organisation through this link: <https://up2circ.eu/participant-registration-form/>.

- **Enhanced knowledge and expertise in circular economy:** Applicants must have actively participated in the [Up2Circ Academy](#) online learning programme. Active participation is defined as completing at least 50% of the Up2Circ Academy e-learning modules. Please note, that participation in the Up2Circ Academy will be verified through online systems based on the company name. Therefore, it is essential to provide accurate and complete information in the Up2Circ Academy participant profile.

Please note that SMEs from Horizon Europe Associated Countries are not eligible.

Only one entity per proposal will be admitted, consortia will not be eligible.

The Up2Circ partners as well as external evaluators of Up2Circ incentive scheme, or their affiliates or employees, are not considered as eligible applicants and cannot apply for funding.

SMEs applying or participating in the program can be excluded at any time (during the evaluation, the subgrant agreement process, or the implementation phase) if they are in one of the situations described in Annex 6.1 Exclusion criteria.

2.2 Eligible activities

Eligible activities for financial support must focus on adopting circular business models, implementing technologies that substantially improve circularity, using circular product design, or introducing new products, processes, or services that enhance circularity. **These activities should directly relate to the transformation of the applicant's own business operations.** Applications aimed at providing consulting services, promoting circular innovation to third parties, or offering innovation development or product design services to other companies are not eligible.

Eligible activities must lead to a significant increase in the circularity of the applicant company, which should be clearly reflected in measurable impact indicators provided by the applicant.

SMEs can apply for two different funding schemes based on the maturity of their transition projects:

Small scale projects: Feasibility studies

Funding: Fixed amount of €15,000

Project duration: Fixed 6 months

Expected number of funded projects: 28

Project scope:

A feasibility study is a detailed analysis that evaluates all aspects of a proposed project to ensure its successful implementation. The feasibility study must aim to innovate or transform the applicant company's current practices to become more circular. The study must explore the potential adoption of at least one circular business model within the company.

There are five types of eligible circular business models:

- **Circular supply chain:** Optimise resource use by replacing unsustainable materials with bio-based, reclaimed, reused, or recycled alternatives.
- **Sharing economy:** Enhance resource utilisation through collaborative models for shared usage, access, or ownership.
- **Product as a service:** Improve resource productivity by providing outcome-oriented solutions where customers pay for the benefits a product delivers, rather than owning it.
- **Product life extension:** Prolong product lifespans through repair, maintenance, upgrades, resale, or remanufacturing.
- **Recovery and recycling:** Recover usable materials or energy from waste and by-products.

More details about these models are available in Module 1 of the [Up2Circ Academy](#).

Compulsory elements to include in the feasibility study:

1. **Market Analysis:** Analysis of demand, customers' willingness to pay, market size, and growth potential, suppliers and competitors.
2. **Technological Feasibility:** Assessment of the necessary technologies and processes, their availability, maturity, and ease of integration, required infrastructure and access to resources (e.g., materials, energy).
3. **Economic Viability:** A cost-benefit analysis, outlining potential revenue streams and pricing strategies, financial projections on profitability and return on investment.
4. **Environmental and Social Aspects:** Analysis of the impact on carbon emissions, energy efficiency, resource efficiency, waste reduction, etc. Assessment of the effects on employees, customers, and other stakeholders. Applicants must align their projected performance with UN SDGs 7, 8, 12, and 13.
5. **Regulatory and Policy Framework:** Review of relevant incentives, subsidies, laws, and regulations that could affect the adoption of the circular business model.

Applicants may include other relevant aspects specific to their project. If any of the five compulsory elements are not applicable to the project proposal, a justification must be provided.

Expected outcome: A comprehensive feasibility study, including a detailed business plan.

Examples of potential projects:

Circular supply chain: A construction company explores the feasibility of implementing circular building practices.

Sharing economy: A clothing retailer explores the feasibility of introducing a sharing platform for evening dresses.

Product as a service: A manufacturer of industrial tools explores the feasibility of shifting from selling products to an access-oriented business model with recurring fees or to a pay-per-use model.

Product life extension: An ICT service provider explores feasibility of offering a new service portfolio on office equipment life extension through repair, maintenance, upgrading, resale or remanufacturing.

Recovery and recycling: A food and beverage producer explores the feasibility of implementing a closed-loop waste management system.

Multiple circular business models: A logistics company explores the feasibility of setting up a zero-emission logistics offer by shifting to renewable energy sources, exploring opportunities of low or zero-

emission transport modes, cooperating with other logistics companies on shared use of vehicle fleet and on optimization of transport capacities, exploring opportunities for life extension of fleet and equipment, optimizing tire management and exploring opportunities to cooperate for tire reuse and recycling as well as for CO2 compensation projects.

Large scale projects: Piloting and demonstration

Funding: Fixed amount of €50.000

Project duration: Fixed 12 months

Expected number of funded projects: 12

Project scope:

The pilot and demonstration activities must aim at implementing at least one of the concrete transition measures towards circularity through technology adoption, circular product design, or the introduction of new products, processes or services. Projects must focus on prototyping, pilot testing, and the implementation of new business processes, solutions and systems.

There are three types of eligible activities:

1. **Implementation of technologies to increase circularity:** Activities should focus on integrating technologies that significantly reduce resource consumption and/or waste production.

Expected outcome: New technology successfully integrated into the applicant's processes.

Example: A metal working SME conducts an in-depth analysis to identify opportunities for increasing energy and material efficiency in production. This includes ICT/AI-enabled optimisation of machinery use, production planning, energy consumption, and the recovery of waste heat.

2. **Adoption of circular product design:** Activities should involve conducting a product environmental footprint analysis (LCA), identifying optimization opportunities, and developing or testing a prototype.

Expected outcome: A validated prototype of a product enhanced with circular design principles, developed by the applicant.

Example: A consumer electronics SME uses a Life Cycle Assessment to optimize its product design, focusing on reducing material and energy inputs during production and use, enhancing repairability, and enabling reuse, remanufacturing, and recycling. Social factors during assembly and use are also considered.

3. **Introduction of new products, processes or services:** Projects should introduce new products, processes, or services that enhance the circularity of the applicant's core business. The measures do not need to be new to Europe but must be new to the company.

Expected outcome: New products, processes, or services integrated into the applicant's operations.

Examples:

A SME manufacturer of construction materials conducts a pilot testing of a new material for circularity using recycled waste streams as an input.

A cosmetic SME develops and tests a new circular product line, using biodegradable and compostable packaging and integrating waste streams as ingredients.

A fashion SME conducts pilot testing of a new collection and recovery system, implementing a take-back program for old clothing and the use of recycled materials in new product lines.

A plastic SME develops and tests a new circular production process, using recycled plastics and integrating the internal cascade use of process by-products.

A textile dyeing SME conducts pilot testing of a new water treatment process, reusing treated wastewater in production processes.

A packaging SME explores eco-design opportunities and prototypes new products made with bio-based materials from the valorisation of agro-industrial waste.

An agricultural SME develops and tests applications for valorisation of residues from olive oil extraction.

2.3 Eligible costs

Although the payment will be made as a lump sum, it is necessary to explain in the application form how the lump sum will be used, including a clear budget proposal with the following budget categories:

- **Personnel costs:** employees or equivalent, natural persons under direct contract, seconded persons, SME owners and natural person beneficiaries.
- **Subcontracting costs:** up to a maximum of 50% of the requested funding, based on beneficiary's usual purchasing practices and ensuring best value for money and no conflict of interests.
- **Purchase costs:** travel and subsistence.
- **Purchase costs:** equipment, infrastructures and other assets - only depreciation costs (not the full purchase costs) are eligible, and only the portion that reflects the actual use of the asset during the project's duration can be included.
- **Purchase costs:** other goods, works and services.
- **Indirect costs (overheads):** calculated as a flat rate of 25% of direct costs, excluding subcontracting.

The primary focus of the project funding should not be on purchase of equipment nor external contracting services. In case of subcontracting activities, a collaborative execution of core project tasks and deliverables by the internal staff of the applicant and subcontractors is crucial.

Only costs generated during the lifetime of the project are eligible.

Costs described in the submitted proposal must be determined in accordance with the beneficiary's usual accounting and management principles and practices.

Eligible costs are subject to the basic eligibility rules of Horizon Europe as defined in Art. 6 of the [Horizon Europe Model Grant Agreement](#).

According to the EU state aid regulation, the Up2Circ subgrants are not a State Aid and therefore the funding does not count as de minimis grant.

The awarded projects will receive a fixed funding amount of €15,000 for small scale projects and €50,000 for large scale projects, provided as a lump sum. While the total project budget is not fixed and may exceed the maximum funding amount, applicants must clearly justify how the additional costs

will be financed to demonstrate the feasibility of the project. Please note that applications requesting funding beyond the maximum fixed amounts are considered ineligible.

The financial support covers up to 100% of eligible costs.

The maximum financial support provided to a single recipient must not exceed EUR 50,000.00 across all Up2Circ calls.

Explanation of the difference between subcontracting and purchase costs:

Subcontracting and purchase costs differ based on the role they play in the project's execution.

Purchase costs refer to the acquisition of goods or services that support the implementation of project tasks. These costs involve routine purchases that help the beneficiary carry out the project but are not part of a specific task's core activities. For example, purchasing market research data and reports to support your feasibility study or purchasing specialized materials or components to build a circular product prototype.

Subcontracting involves contracting third parties to carry out a significant or specific part of the project task. These are services or works that represent a core aspect of a task that the beneficiary cannot complete internally. For instance, contracting an external expert to conduct a comprehensive environmental impact analysis of adopting a circular business model or contracting a prototyping company to develop and manufacture a circular product prototype.

The distinction lies in how integral the goods or services are to the project's core activities. Subcontracting addresses a full or essential part of a task, whereas purchase costs provide general support. If in doubt, use subcontracting, especially when outsourcing a significant or specialized part of the project.

The Excel budget table includes automatic calculations and must be completed and uploaded.

The financial support will be paid in two phases:

- **First payment (50%):** Issued as prefinancing within 30 days of the Agreement entering into force. This payment remains a prefinancing until the Final Report is approved at the end of the action. If the project is not executed, the prefinancing amount corresponding to any incomplete WPs will be reclaimed.
- **Second payment (50%):** Issued within 30 days after the written approval of the Final Report, following project implementation. The Final Report must detail work progress toward project objectives, defined milestones, deliverables set in the Subgrant Agreement, major achievements, impact, and next steps. If the Final Report does not account for the full funding amount as spent, the balance payment will be adjusted accordingly.

All payments will be made by bank transfer from the coordinator, who holds all third-party funds, in the name of the consortium. Beneficiaries will be informed since the beginning about these conditions which will also be included in the Subgrant Agreement.

Beneficiaries are not required to submit a financial report. However, they must demonstrate project implementation, progress, and work quality in the Final Report. The lump sum does not exempt beneficiaries from collecting documentation to verify costs in accordance with fiscal regulations.

3. Application process

The application process consists of a single stage, with an online application form available at <https://up2circ.grantplatform.com/> and accessible via the project website. Applicants must also complete a brief ethics self-assessment that supports the thinking and planning around potential ethical issues in your project.

4. Evaluation process

The evaluation process is composed of two phases:

4.1 Admissibility and eligibility check

The admissibility and eligibility check are conducted by the Up2Circ consortium partners and includes the following criteria:

- **Type of activity:** The proposed activities must align with the eligible activities outlined in Section 2.2 of the Second Open Call Guide for Applicants. These include:
 - Small scale projects:** Adoption of at least one of the five eligible circular business models (circular supply chain, sharing economy, product as a service, product life extension, or recovery and recycling).
 - Large scale projects:** Implementation of at least one transition measure toward circularity (technology adoption, circular product design, or introducing new products, processes, or services).
- **Customised advisory:** Applicants must upload the Up2Circ Assessment Report, completed with the support of the Up2Circ advisor. SMEs not yet connected to the EEN can contact their local EEN organisation through this link: <https://een.ec.europa.eu/local-contact-points>. The Up2Circ advisor will assist the applicant by conducting a circularity assessment followed by completing the Up2Circ Assessment Report, which will outline the SME's strengths, weaknesses, and suggested improvements.
- **Enhanced knowledge and expertise in circular economy:** Applicants must have actively participated in the [Up2Circ Academy](#) online learning programme. Active participation is defined as completing at least 50% of the Up2Circ Academy e-learning modules.
- **SME status:** Applicants must qualify as a small or medium-sized enterprise (SME) according to the European Commission's definition. SME status should be checked by applicants using the [EU SME self-assessment questionnaire](#).
- **Geographical eligibility:** Applicants must be based in a Member State of the European Union (EU 27). SMEs from Horizon Europe Associated Countries are not eligible.
- **Fixed funding amount:** The requested funding must correspond to the fixed amounts of €15,000 for small scale projects and €50,000 for large scale projects.
- **Fixed project duration:** The proposed work plan must align with the fixed durations of six months for small scale projects and twelve months for large scale projects.
- **Timely submission:** The application must be submitted before the specified deadline.
- **Single applicant:** Applications must be submitted by a single entity. Joint or consortium applications will not be accepted.
- **Application completeness:** The application must be complete, including all required information.
- **Language requirement:** The application must be completed in English.

4.2 Independent evaluation

Eligible applications will be assessed by up to three evaluators independent from the organisations involved in the Up2Circ consortium and from any applicant. The selected evaluators sign a declaration of confidentiality concerning the contents of the proposals they read, and they also confirm the absence of any conflict of interest.

Given the budget limitations for external evaluations in the second open call, the number of eligible applications for external evaluation will be capped at 100 small scale applications and 180 large scale applications. If fewer applications are received in one category, the unused capacity will be reallocated to the other category proportionally. In case the number of eligible applications exceeds the cap, applications will be prioritized based on the time of submission (first-come, first-served).

Each proposal will be evaluated against the following three evaluation criteria:

Evaluation criteria	Weight	Score
<p>Concept: Does the project clearly align with the objectives of Up2Circ?</p> <p>Relevance:</p> <ul style="list-style-type: none"> • Does the project address the sustainability challenges of the company and support its transition towards a circular economy? To what extent does it enhance the company's level of circularity? • Are the project objectives clearly defined and coherent with the actions already taken? • Are the proposed measures relevant, meaningful and aligned with the company's strategy? <p>Novelty:</p> <ul style="list-style-type: none"> • To what extent does the proposed project bring new value and benefits to the company, compared to its current operations? • Does the project integrate advanced technologies and/or social innovation to increase the company's circularity? If yes, are the benefits clearly detailed? <i>(This aspect is not mandatory but can provide added value)</i> 	30%	Threshold 3/5
<p>Feasibility: Does the applicant have the required resources, expertise and capabilities to successfully implement the project?</p> <p>Workplan and budget:</p> <ul style="list-style-type: none"> • Does the work plan provide a clear and achievable timeline with a detailed monthly breakdown of main activities, key milestones, and deliverables? • Is the work plan sufficiently detailed to ensure effective implementation? • Are the planned activities aligned with the identified problem and the project's objectives? • Is the proposed budget appropriate and consistent with the planned activities and expected deliverables? <p>Team and network:</p> <ul style="list-style-type: none"> • How does the composition of the team and network demonstrate the necessary expertise and resources to achieve the project objectives? 	30%	Threshold 3/5

<ul style="list-style-type: none"> • If subcontracting is involved, is it sufficiently explained how the internal team and subcontractors will collaborate to execute core project tasks and deliverables? • How does the applicant plan to address any gaps in the current team's expertise? <p>Risk analysis (only for large scale projects):</p> <ul style="list-style-type: none"> • Are the identified technical and business risks relevant to the scale of the project, and are the proposed mitigation strategies appropriate to address these risks and ensure project success? 		
<p>Impact: Has the funding the potential to significantly contribute to enhancing the applicant's sustainability?</p> <p>Environmental and social impact:</p> <ul style="list-style-type: none"> • How will the project impact the company's circularity? • Have the potential environmental and social impacts been quantified using clear and sound Key Performance Indicators (KPIs) related to Sustainable Development Goals? <p><i>Recommended SDGs to consider include:</i></p> <ul style="list-style-type: none"> - <i>SDG 7 Affordable and Clean Energy: Improvements in energy efficiency can be measured with a ratio of energy consumption per economic output.</i> - <i>SDG 12 Responsible Consumption and Production: Decrease in waste generation through prevention, reduction, recycling and reuse.</i> - <i>SDG 13 Climate Action: Reduction of GHG emissions, e.g., striving for 55% reduction of GHG emissions by 2030 in line with the EU's "Fit for 55" and Green Deal targets.</i> <ul style="list-style-type: none"> • Are the baseline and target values for the selected KPIs clearly calculated, realistic and justified? <p>Business and broader impact:</p> <ul style="list-style-type: none"> • What is the expected economic impact of the project on the applicant's company? • Has the potential economic impact been quantified using clear and sound Key Performance Indicators (KPIs) related to Sustainable Development Goals? <p><i>Recommended SDGs to consider include:</i></p> <p><i>SDG 8 Decent Work and Economic Growth: Improvements in resource efficiency and in decoupling economic growth from environmental degradation. You can e.g., compare the decrease in consumption of primary materials with the number of jobs created and preserved or with increased turnover.</i></p> <ul style="list-style-type: none"> • What is the anticipated regional impact of the project, and does it demonstrate potential for replication? 	40%	Threshold 3/5

The evaluators will score each criterion on a scale from 0 to 5 (half point scores may be given):

0 = The proposal fails to address the criteria, or it cannot be assessed due to missing or incomplete information.

1 = Poor – The criterion is inadequately addressed or there are serious inherent weaknesses.

2 = Fair – The proposal broadly addresses the criterion, but there are significant weaknesses.

3 = Good – The proposal addresses the criterion well but there are a certain number of shortcomings.

4 = Very good – There is a small number of shortcomings but overall, the proposal addresses the criterion very well.

5 = Excellent – The proposal successfully addresses all relevant aspects of the criterion with minor or no shortcomings

The maximum overall score is 15. The standard threshold for individual criteria is 3, and the standard overall threshold, applying to the sum of the three individual scores, is 10. The average of the 3 scores and total will be calculated for each proposal. In order to rank applications with same scores, priority will be given to applications that achieve higher scores in the Impact criterion. Additionally, second priority will be assigned to projects with a higher ranking in terms of concept, while third priority will be given to projects based on the time of submission of the proposal. Proposals failing to achieve the threshold score per individual criteria or the overall threshold will be rejected.

The evaluators will comment on all three criteria: Concept, Feasibility, Impact, and on the whole proposal, highlighting: Strengths and Positive Aspects, Shortcomings.

Individual consensus group meetings involving up to three evaluators assigned to the same proposal will be initiated by Up2Circ consortium partners if a substantial difference in scoring is detected for the proposal. Substantial difference in this context refers to a minimum 5-point difference between the total score given by the lowest and highest evaluation.

For all proposals the evaluators will carry out an ethics screening to detect if the proposed projects include ethically sensitive activities, such as processing of personal data, the use of AI- based applications and interactions with human subjects. In case ethically sensitive activities are detected, SMEs receiving Up2Circ third party funding will be obliged to take measures to ensure compliance with ethical principles, the applicable international and national law, and to include details about ethics compliance into their reporting.

Proposals will be ranked separately for small scale and large scale projects according to the overall scores in descending order. The ranking will be subject to an online Evaluation and Ethics Advisory Board meeting with assigned evaluators, the Ethics Advisor and Up2Circ project partner representatives who meet to discuss how to manage potential ethics issues and agree on the final list of selected applicants and a reserve list.

The evaluation results will be available on June 13th, 2025. All applicants will be informed about the evaluation results by email notification directing them to the total score awarded to their proposal and feedback from evaluators highlighting the proposal's strengths and weaknesses at <https://up2circ.grantplatform.com/>.

5. Subgrant Agreement

Applicants selected in the call will be invited for the Subgrant Agreement preparation. Before the conclusion of the Subgrant Agreement, we will ask the applicants to provide documents regarding their SME status (Annex 3: SME declaration form) and declaration of honour on exclusion criteria and absence of conflict of interest (Annex 2: Declaration of honour).

6. Annexes

6.1 Exclusion

Applicants that are subject to EU administrative sanctions (i.e. exclusion)² or are in one of the following exclusion situations³ banning them from receiving EU grants can NOT participate:

- Bankruptcy, winding up, affairs administered by the courts, arrangement with creditors, suspended business activities or other similar procedures (including procedures for persons with unlimited liability for the applicant's debts).
- They are in breach of social security or tax obligations (including if done by persons with unlimited liability for the applicant's debts).
- They are guilty of grave professional misconduct (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant).
- They are guilty of fraud, corruption, having links to a criminal organisation, money laundering, terrorism-related crimes (including terrorism financing), child labour or human trafficking (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant).
- They have shown significant deficiencies in complying with main obligations under an EU procurement contract, grant agreement or grant decision (including if done by persons having powers of representation, decision making or control, beneficial owners or persons who are essential for the award/implementation of the grant).
- They are guilty of irregularities within the meaning of Article 1(2) of Regulation No 2988/95 (including if done by persons having powers of representation, decision making or control, beneficial owners or persons who are essential for the award/implementation of the grant).
- They have created under a different jurisdiction an entity with the intent to circumvent fiscal, social or other legal obligations in the country of origin or created another entity with this purpose (including if done by persons having powers of representation, decision making or control, beneficial owners or persons who are essential for the award/implementation of the grant).

Applicants will also be refused if it turns out that during the subgrant agreement process they misrepresented information required as a condition for participating or failed to supply that information, or they were previously involved in the preparation of the call, and this entails a distortion of competition that cannot be remedied otherwise (conflict of interest).

² See Article 136 of [EU Financial Regulation](#)

³ See Articles 136 and 141 of [EU Financial Regulation](#)

6.2 Subgrant Agreement Template



Subgrant Agreement

(hereinafter “Agreement”)

Between:

[PARTNER NAME]

[ADDRESS]

as the Subgrant Contracting Partner for the Up2Circ Project (hereinafter “Contractor”)

And

[COMPANY NAME]

[ADDRESS]

[VAT NUMBER]

as the Beneficiary of Financial Support to Third Parties (hereinafter “Beneficiary”)

Together referred to as the “Parties”, individually as a “Party”

The Parties agree as follows:

1. BACKGROUND AND OBJECTIVE

The Contractor is the partner of Horizon Europe Coordination and Support Action project Boosting the uptake of circular business model, product and process innovation (Up2Circ) Grant Agreement number 101091367, which is funded by the European Union. This Agreement sets out the rights and obligations and the terms and conditions applicable to the subgrant awarded to the Beneficiary for implementing the action set out in Chapter 2.

2. DESCRIPTION OF THE ACTION

The Subgrant is awarded for the action [PROJECT_ACRONYM], [PROJECT_FULL_NAME], as described in Annex 1: Description of the action.

The obligations and responsibilities are defined in detail in the Second Open Call documents, namely in the Up2Circ Second Open Call Guide for Applicants.

3. DURATION OF THE ACTION

The duration of the action is X months as of 1.7.2025 (‘starting date of the action’) and finished by XX.XX.XXXX (‘end date of the action’).

4. SUBGRANT AMOUNT

The maximum financial contribution to be granted to the Beneficiary shall not exceed the amount **XX.XXX,XX** EURO.

The subgrant reimburses up to 100% of the eligible costs of the project costs.

5. ELIGIBLE COSTS

Eligible costs must be declared under the following budget categories:

- Personnel costs: employees or equivalent, natural persons under direct contract, seconded persons, SME owners and natural person beneficiaries
- Subcontracting costs (based on beneficiary's usual purchasing practices and ensuring best value for money and no conflict of interests)
- Purchase costs: travel and subsistence
- Purchase costs: equipment, infrastructures and other assets (calculated on the basis of the costs actually incurred and written off in accordance with international accounting standards and the beneficiary's usual accounting practices)
- Purchase costs: other goods, works and services

Indirect costs are added by applying the 25% flat rate to the direct costs that qualify for indirect costs, these are all cost categories listed above except for subcontracting.

Only costs generated within the duration of the action are eligible.

Eligible costs are subject to the basic eligibility rules of Horizon Europe as defined in Art. 6 of the Horizon Europe Model Grant Agreement.

All the costs must be determined in accordance with the Beneficiary's usual accounting and management principles and practices.

According to the de minimis regulation of the European Commission (EC No 1998/2006), the Up2Circ subgrants are not a State Aid and therefore the funding does not count as de minimis grant.

6. SUBGRANT PAYMENT

The financial support in the form of lump sum based on the tasks and project budget proposed in the application will be paid in two phases:

- **First payment (50%):** Issued as prefinancing within 30 days of the Agreement entering into force. This payment remains a prefinancing until the Final Report is approved at the end of the action. If the project is not executed, the prefinancing amount corresponding to any incomplete WPs will be reclaimed.
- **Second payment (50%):** Issued within 30 days after the written approval of the Final Report, following project implementation. If the Final Report does not account for the full funding amount as spent, the balance payment will be adjusted accordingly.

All payments will be made by bank transfer from the Coordinator, who holds all third-party funds, in the name of the consortium, to the following account:

Name of the bank:

Address of the branch:

Full name of the account holder:

IBAN:

SWIFT (BIC) code:

Breaching the provisions of this Agreement and/or failure to implement the activities described in the Description of the action may lead to the reduction of the grant and recovery of any paid amount. In the case of breach, partial approval or disapproval of the work as per the following Chapter 6, the Beneficiary undertakes to return any payment or prepayment received for this work within 30 days.

7. MONITORING THE WORK PROGRESS

During the project implementation phase, a minimum of three meetings will be held between the Beneficiary and representatives of the Up2Circ consortium.

- Kick-off meeting: This meeting will be scheduled after signing the subgrant agreement. The primary focus will be on work plan, time schedule and reporting requirements.
- Mid-term review meeting: This meeting will focus on assessing the progress made, discussing plans or adjustments and addressing any problems or challenges encountered.
- Final review meeting: This meeting will be held during the processing of the final report. Its primary purpose is to comprehensively review the project's outcomes, achievements, and compliance with the subgrant agreement.

Additional meetings may be scheduled after the mid-term and final review meetings if they are considered necessary based on the project's progress and specific circumstances.

8. REPORTING

The Final Report must be submitted by the Beneficiary within 30 days after the end day of the action, detailing the work progress towards the project objectives, defined milestones and deliverables set in the Agreement, major achievements and impact and next steps.

The Final Report must include the following:

- Technical report – an overview of the activities implemented, and results of the action linked to identified milestones and KPIs
- Financial statement – the total costs spent and request for balance payment

The beneficiary must declare that:

- The information provided is full, reliable and true
- The costs declared are eligible
- The costs can be justified by adequate records and supporting documentation that will be produced upon request or in the context of checks, reviews, audits and investigations
- All the receipts have been declared

The submitted technical report will be assessed by a designated group of 2 reviewers from the Up2Circ consortium based on the achievement of objectives and milestones of the project. Together with the technical report, the Beneficiary will submit a financial statement for the final payment. If the report is accepted, the Beneficiary will be invited to a final review meeting for an online presentation of the project results. If the report is not accepted, the Beneficiary will be requested to amend it based on identified shortcomings. Formal approval will be signed by the reviewers after the online presentation of the results by the Beneficiary to release the second payment of 50%.

The Final Report will be presented by the project consortium to the EC during the Periodic Project Review.

All reports must be submitted in English.

Financial statements must be drafted in EURO. A Beneficiary with accounting established in a currency other than the euro must convert the costs recorded in their account into euro, at the average of the daily exchange rates published in the C series of the Official Journal of the European Union, calculated over the corresponding reporting period.

Apart from the financial statement there is no detailed financial report to be delivered by the Beneficiary. The beneficiary must keep evidence of the activities implemented and the actual costs incurred, adhering to the Horizon Europe costs eligibility and record-keeping rules (articles 6 and 20 of the Model Grant Agreement).

A template for the Final Report will be provided to beneficiaries upon signature of the Subgrant Agreement.

9. TERMS AND CONDITIONS

In addition to the terms and conditions of this Agreement, the terms and conditions of the project Boosting the uptake of circular business model, product and process innovation (Up2Circ) Grant Agreement number 101091367 under which the work is performed also apply, however only correspondingly for the legal relationship between the Contractor and the Beneficiary.

In particular, the Beneficiary agrees that the following articles of the Grant Agreement are explicitly part of this Agreement ensuring that the European Commission (EC) the European Court of Auditors (ECA), the European Public Prosecutor's Office (EPPO) and the European Anti-Fraud Office (OLAF) can exercise their rights under Articles 25 of the Model Grant Agreement towards the Beneficiary.

Furthermore, the obligations of the Beneficiary include the obligations under articles 12, 13, 14, 17.2, 18,19, and 20 of the Model Grant Agreement⁴.

The referenced articles cover:

- Article 12 – Conflict of interest
 - 12.1 Conflict of interests
 - 12.2 Consequences of non-compliance
- Article 13 – Confidentiality and security
 - 13.1 Sensitive information
 - 13.2 Classified information
 - 13.3 Consequences of non-compliance
- Article 14 – Ethics and values
 - 14.1 Ethics
 - 14.2 Values
 - 14.3 Consequences of non-compliance
- Article 17. Communication, dissemination and visibility
 - 17.2 Visibility – European flag and funding statement
 - 17.5 Consequences of non-compliance

⁴ https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/agr-contr/general-mga_horizon- Euratom_en.pdf

- Article 18. Specific rules for carrying out the action
 - 18.1 Specific rules for carrying out the action
 - 18.2 Consequences of non-compliance
- Article 19. General information obligations
 - 19.1 Information requests
 - 19.2 Participant Register data updates
 - 19.3 Information about events and circumstances which impact the action
 - 19.4 Consequences of non-compliance
- Article 20 Record keeping
 - 20.1 Keeping records and supporting documents
 - 20.2 Consequences of non-compliance
- Article 25 – Checks, reviews, audits and investigations — Extension of findings
 - 25.1 Granting authority checks, reviews and audits.
 - 25.2 European Commission checks, reviews and audits in grants of other granting authorities.
 - 25.3 Access to records for assessing simplified forms of funding
 - 25.4 OLAF, EPPO and ECA audits and investigations
 - 25.5 Consequences of checks, reviews, audits and investigations — Extension of results of reviews, audits or investigations
 - 25.6 Consequences of non-compliance

10. PERFORMANCE

The Beneficiary shall perform its work under this Agreement in accordance with the requirements of the open call and the Annex 1: Description of the action of this Agreement.

The Beneficiary shall endeavour to ensure that all work is performed to the highest professional standards and in accordance with the state of the art.

The Beneficiary shall be entitled to a continuous mentoring process, including an assigned group of consortium members to monitor the technical work, and to support the Beneficiary to perform their tasks in the project, thus ensuring their full integration in the overall project work.

The Beneficiary will notify the Contractor as soon as possible of any changes affecting the implementation of the work.

11. INTELLECTUAL PROPERTY RIGHTS

Results are generated and owned by the Beneficiary.

The Beneficiary warrants full compliance with all IPR provisions on agreement on background, results free from restrictions, ownership of results, protection of results, exploitation of results, transfer, and licensing of results, and access rights to results and background.

The Beneficiary shall take all reasonable precautions to avoid the use of any third party IPR in the work. If other third parties may claim rights to the results, the Beneficiary must ensure that those rights can be exercised in a manner compatible with its obligations under this Agreement.

12. SUSPENSION AND TERMINATION

The Parties may terminate this Agreement on reasonable and justified grounds prior written notification and agreement.

Termination shall not affect any rights or obligations of the Agreement Parties incurred prior to the date of termination unless otherwise agreed in writing between them.

The termination can be made at any time during the project implementation phase if the Beneficiary is in one of the situations declared by Annex 2: Declaration of honour.

In the case that the Up2Circ project Grant Agreement terminated earlier than planned, this Agreement will also be terminated, and work items and payments will be finalised in line with the conditions of the Grant Agreement termination.

If either Party breaches any conditions of this Agreement and fails to remedy such breach within 30 days after receipt of a written notice from the other Party, the Party giving notice may, at its option and in addition to any other remedies which it may have, terminate this Agreement by sending notice of termination in writing to the other Party and such termination shall be effective as the date of the receipt of such notice, and any benefits of the Agreement in respect of the other Party shall cease.

13. PROCESSING OF PERSONAL DATA

Any personal data under the Agreement will be processed by Up2Circ partners according to the project’s data management plan and joint controller agreement.

14. ENTRY INTO FORCE

The Agreement shall enter into force on the date on which the last Party signs it.

15. APPLICABLE LAW

This Agreement shall be governed by and construed by the laws of [CONTRACTOR COUNTRY].

16. ANNEXES

Annex 1: Description of the action (amended project proposal, including estimated budget)

Annex 2: Declaration of honour

Annex 3: SME declaration form

For the Beneficiary:

[NAME SURNAME]

[SIGNATURE]

For the Contractor:

[PARTNER NAME]

[NAME SURNAME]

[SIGNATURE]

ANNEX 1: DESCRIPTION OF THE ACTION (amended project proposal, including estimated budget distributed across defined WPs)

ANNEX 2: DECLARATION OF HONOUR

The undersigned [NAME SURNAME], representing [COMPANY NAME], [ADDRESS], [VAT NUMBER]

declares that the entity:

- Is eligible in accordance with the criteria set out in the specific call for proposals.
- Has the required legal, regulatory, financial, technical and operational capacity to carry out the action.
- Has not received any other European Union funding to carry out the action and commits to declare immediately to the Contractor any other such European Union funding it would receive until the end of the action.

declares that the entity is not subject to EU administrative sanctions (i.e., exclusion)⁵ or is in one of the following exclusion situations⁶:

- Bankruptcy, winding up, affairs administered by the courts, arrangement with creditors, suspended business activities or other similar procedures (including procedures for persons with unlimited liability for the applicant's debts).
- In breach of social security or tax obligations (including if done by persons with unlimited liability for the applicant's debts).
- Guilty of grave professional misconduct (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant).
- Guilty of fraud, corruption, having links to a criminal organisation, money laundering, terrorism-related crimes (including terrorism financing), child labour or human trafficking (including if done by persons having powers of representation, decision-making or control, beneficial owners or persons who are essential for the award/implementation of the grant).
- Has shown significant deficiencies in complying with main obligations under an EU procurement contract, grant agreement or grant decision (including if done by persons having powers of representation, decision making or control, beneficial owners or persons who are essential for the award/implementation of the grant).
- Guilty of irregularities within the meaning of Article 1(2) of Regulation No 2988/95 (including if done by persons having powers of representation, decision making or control, beneficial owners or persons who are essential for the award/implementation of the grant).
- Has created under a different jurisdiction an entity with the intent to circumvent fiscal, social or other legal obligations in the country of origin or created another entity with this purpose (including if done by persons having powers of representation, decision making or control, beneficial owners or persons who are essential for the award/implementation of the grant).

By signing this document, I declare that I am authorized to represent the Beneficiary, and I am aware and fully accept all conditions described in the Up2Circ Second Open Call documents and its Annexes.

[NAME SURNAME]

[POSITION]

[SIGNATURE]

⁵ See Article 136 of [EU Financial Regulation](#)

⁶ See Articles 136 and 141 of [EU Financial Regulation](#)

ANNEX 3: SME DECLARATION FORM

Declaration of SME Status

[COMPANY NAME]

[ADDRESS]

[VAT NUMBER]

Indicate the type of your enterprise:

- Autonomous enterprise (my enterprise holds less than 25% capital or voting rights in another enterprise and/or another enterprise holds less than 25% in my enterprise)
- Partner enterprise (my enterprise holds at least 25%, but no more than 50% in another enterprise and/or another enterprise holds at least 25%, but no more than 50%, in my enterprise)
- Linked enterprise (my enterprise holds more than 50% of the shareholders' or members' voting rights in another enterprise and/or another enterprise holds more than 50% in my enterprise)

The small and medium-sized enterprise (SME) employs fewer than 250 persons and has either an annual turnover not exceeding EUR 50 million or an annual balance sheet total not exceeding EUR 43 million. These ceilings apply to the figures for individual companies only. A company that is part of a larger group may need to include staff headcount/turnover/balance sheet data from that group too. An enterprise can still be ranked as autonomous if having certain types of investors who hold 25-50 % of its capital or voting rights. More information is available in SME Definition User Guide⁷.

Data used to determine the category of enterprise are calculated according to Article 6 of the Annex to the Commission Recommendation 2003/361/EC on the SME definition⁸.

Reference period⁹: [LAST APPROVED ACCOUNTING PERIOD]

Headcount: [NUMBER OF STAFF HEADCOUNT]

Annual turnover: [EUR NUMBER]

Balance sheet total: [EUR NUMBER]

I declare on my honour the accuracy of this declaration.

I declare on my honour that in case of change affecting my SME status, I will immediately inform the Contractor.

I declare having taken knowledge of the Commission Recommendation 2003/361/EC on the SME definition.

[NAME SURNAME]

[POSITION]

[SIGNATURE]

⁷ <https://ec.europa.eu/docsroom/documents/42921>

⁸ <https://eur-lex.europa.eu/eli/reco/2003/361/oj>

⁹ All data must relate to the last approved accounting period and calculated on an annual basis. In the case of newly established enterprises, the data shall be derived from a reliable estimate in the form of a business plan.