

Strategy & Policy Statement Anti-Fraud, Bribery & Corruption

Legal, Compliance & Risk

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climate-kic.org



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1. Introduction

Climate-KIC's mission is to catalyse systemic change for climate action through innovation. As part of such mission, a robust approach to fraud prevention and anti-bribery and corruption matters is vital particularly given that the primary source of our funding derives from the European taxpayer via the European Institute of Innovation & Technology (EIT). This Strategy & Policy Statement sets out the strategic priorities and other main considerations of Climate-KIC in formulating the Anti-Fraud, Bribery and Corruption Policy (Policy), the details of the Policy itself and roles and responsibilities of those involved in implementing the Policy.

It is important Climate-KIC takes a proactive stance on fraud, corruption and bribery. Fraud, corruption and bribery may be punishable for individuals by imprisonment and/or a fine. As an employer, if we fail to prevent fraud, corruption and bribery we may face an unlimited fine, exclusion from tendering for contracts, substantial damage to our reputation and other consequences.

1.1 Strategy Statement and Priorities

We take a zero-tolerance approach to fraud, corruption and bribery and are committed to acting ethically, professionally and with integrity and transparency in all our relationships and business dealings wherever we operate. In line with this strategy, we will:

- Enhance, promote and maintain a culture of zero tolerance to fraud, bribery and corruption; and
- Implement and enforce effective systems to actively prevent, detect and counter fraud, corruption and bribery.

Climate-KIC has carried out an internal risk assessment in relation to fraud, corruption and bribery. The objective of such risk assessment was to identify the key fraud, corruption and bribery risks and produce a priority list as follows:

- KAVA and other direct grant allocation (including attempts to create "side agreements" – i.e. arrangements outside Climate-KIC's standard processes and procedures);
- Conflicts of interest and impartiality of assessment;
- Use of EIT (or Climate-KIC) funds by partners or other counterparties;
- Time recording;
- Goods and services procurement; and
- Recruitment.

To address these risks, we have taken or will undertake the following steps:

- Review and, where required, update Climate-KIC policies including Grant Allocation Policies; Anti-Fraud, Corruption and Bribery Policy; Conflict of Interests and Gifts Policy; New Country Policy; Procurement Policy; and People (Human Resources) Policies;
- Continued implementation of Climate-KIC's Delegation of Authorities and the updated Climate-KIC Risk Management Framework and further development of Climate-KIC's Ethical Standards for Counterparties;
- Ongoing review of risk assessment exercise; and
- Required training from time to time – both at all staff level and with specific focus groups (e.g. senior managers, finance operatives, those with authority for decision making and/or financial approvals and others).

1.2 Policy Statement

Climate-KIC's zero tolerance of fraud, corruption and bribery means that Climate-KIC does not accept any level of fraud, bribery or corruption within the organisation or by any other individual or organisation receiving funding from or via us or representing Climate-KIC. Climate-KIC and those working for or with us (including KIC Partners, award and prize recipients, suppliers, customers and others) must pursue the highest standards of honesty and integrity in the exercise of their duties. This needs to be visible to the whole Climate-KIC community and our external stakeholders.

Climate-KIC will uphold all laws and regulations relevant to countering fraud, corruption and bribery in all the jurisdictions in which it operates. Further, regardless of the guidelines and procedures set out in this or any other document, Climate-KIC and those persons working for and with us each always have an overriding obligation to comply with applicable laws and regulations.

2. Anti-Fraud and Corruption

2.1 What is Fraud (or an Irregularity)?

As taken from the Convention for the Protection of European Communities' Financial Interests¹, **Fraud** includes:

- A. In respect of expenditure, as any intentional act or omission relating to:
 - the **use or presentation of false, incorrect or incomplete statements or documents**, which has as its effect the misappropriate or wrongful retention of funds from the EU's budget;
 - **non-disclosure of information** in violation of a specific obligation, with the same effect; and/or
 - the **misuse of such funds for purposes other than those for which they were originally granted**.

- B. In respect of revenue, any intentional act or omission relating to:
 - the use or presentation of false, incorrect or incomplete statements or documents, which has as its effects the illegal diminution of the resources of EU budget resources;
 - non-disclosure of information in violation of a specific obligation, with the same effect; and/or
 - misuse of a legally obtained benefit, with the same effect.

Therefore, for Climate-KIC, the concept of fraud covers not only, any infringement of the financial interests of Climate-KIC but also misbehaviour that may not have a direct effect on our financial interests – for example reputational impact, concealment of material facts, security breaches of IT systems, cyber fraud and conflicts of interest that has not been declared intentionally. Favouritism and collusion are also included in the definition of fraud.

2.2 What is Corruption? What is Bribery?

Corruption is the **abuse of entrusted power or position for private gain**. For example, favouring the funding of KIC Partners or projects which involve persons or entities in which you have a personal interest such as a shareholding, management/advisory position or other relationship. The Conflicts of Interest & Gifts Policy is important for identification of situations where there is a risk of a conflict and/or corruption. Please also refer to 2013 research study "Identifying and Reducing Corruption in Public Procurement in the EU" as commissioned by the European Commission (via OLAF) as good source material.

¹ Article 1(2) of Regulation (EC, Euratom) No 2988/95

A **bribe** is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage

Examples: Offering a Bribe

You offer to vote positively on a partner's proposal in portfolio week (or otherwise foster a KAVA allocation to the partner), but only if they agree to employ your niece (or you following your departure from Climate-KIC).

This would be a bribery offence as you are making the offer to gain a personal advantage. It may also be an offence for the partner to accept your offer.

Example: Receiving a Bribe

An IT supplier agrees to support your spouse's initiative but makes it clear that in return they expect you to use your influence in our organisation to ensure a consulting contract.

It is an offence for a partner to make such an offer. It would be an offence for you to accept the offer as you would be doing so to gain a personal advantage.

Example: Bribing a Foreign Official

You arrange for the organisation to pay an additional payment to a foreign official to speed up an administrative process, such as a cost reporting review.

The offence of bribing a foreign public official has been committed as soon as the offer is made. This is because it is made to gain a business advantage for us. We may also be found to have committed an offence.

2.3 Facilitation Payments and Kickbacks

We do not make, and will not accept, facilitation payments or "kickbacks" of any kind.

Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official.

If you are asked to make a payment on our behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. If appropriate, you should also ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with the Legal, Compliance & Risk Team. Alternatively, you may report such suspicions or concerns via the independent third-party whistle blowing service. Contact details can be found on SharePoint and Annex 2 to this Policy.

Kickbacks are typically payments made in return for a business favour or advantage and may include any proposed payments to Climate-KIC by third parties in order to secure additional funding.

All Climate-KIC people must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by us.

2.4 Donations

We do not make charitable donations or contributions to political parties.

2.5 Hospitality and Gifts

Subject to the further terms of the Conflicts of Interest & Gifts Policy, this Policy does not prohibit reasonable and appropriate hospitality (given and received) to or from third parties and the giving or receipt of gifts, provided that this is done in accordance with normal business practices. However, for the avoidance of doubt, **in accordance with the terms and conditions of the Conflicts of Interest & Gifts Policy, all Climate-KIC people must declare any gifts or hospitality received where the value of each such gift or hospitality is more than €75 (or equivalent).**

Normal and appropriate hospitality and gifts would include where the hospitality or gift:

- Is not made with the intention of influencing a business decision, or to reward the provision or retention of business a business advantage, or in explicit or implicit exchange for favours or benefits;
- Complies with applicable law;
- Is given in our name, not in your name;
- Does not include cash or a cash equivalent (such as gift certificates or vouchers);
- Is appropriate in the circumstances (for example, it may be customary for small gifts to be given at Christmas time);
- Considering the reason for the gift, is of an appropriate type and value and given at an appropriate time;
- Is given openly, not secretly; and
- Is not offered to, or accepted from, government officials or representatives, or politicians or political parties, without the prior approval of the Legal, Compliance & Risk Team.

Promotional gifts of low value such as branded stationery to or from existing customers, suppliers and business partners will usually be acceptable.

The test to be applied is whether in all the circumstances the gift, hospitality or payment is reasonable and justifiable. The intention behind it should always be considered.

If you receive a gift that you are unable to refuse in person (e.g. an unexpected delivery) that does not meet the requirements of this Policy, immediately notify the People team or Legal, Compliance & Risk team who can advise on actions appropriate to the situation. This may include but is not restricted to:

- Declaration and investigation of the gift;
- Engaging an internal or external third party to understand intent and conduct further action;
- Returning the gift;
- Where the gift cannot be returned, donation to an appropriate charity that is not in conflict with this Policy; and/or
- Further investigation and action in accordance with this Policy.

2.6 What is Not Acceptable

It is not acceptable for you (or someone on your behalf) to:

- Give (or promise to give) or offer a funding or other payment contract (including EIT grant allocations, procurement contracts), gift or hospitality or other advantage with the expectation or hope that a business or personal advantage will be received, or to reward a business or personal advantage already received;
- Give (or promise to give) or offer, a payment, gift or hospitality or other advantage to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- Accept payment, gift, hospitality or other advantage from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage (e.g. inclusion in the EIT grant, lucrative consulting contract) for them;
- Threaten or retaliate against another Climate-KIC person who has refused to commit an act of fraud or corruption or a bribery offence or who has raised concerns under this Policy; or
- Engage in any activity that might lead to a breach of this Policy.

3. Taking Action

3.1 Roles and Responsibilities – to whom does this Policy apply?

This Policy applies to all individuals working at all levels and grades within the Climate-KIC group (Climate-KIC Holding B.V, its subsidiaries) or within any non-profit incorporated by Climate-KIC Holding B.V. This includes senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff (including those employed by a KIC Partner), homeworkers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us or for us, wherever located (collectively referred to as Climate-KIC people and individually Climate-KIC persons in this Policy).

Climate-KIC people must ensure they have read and understood this Policy and act in compliance at all times. The prevention, detection and reporting of fraud, corruption and bribery are the responsibility of all those working for us, under our control and with us. All Climate-KIC people are required to avoid any activity that might lead to, or suggest, a breach of this Policy.

Any employee who breaches this Policy will face disciplinary action, which could result in dismissal for gross misconduct.

3.2 Record Keeping

We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties including partners.

Subject to and in line with the further terms of the Conflicts of Interest & Gifts Policy, you must declare and keep a written record of all hospitality or gifts accepted or offered, which will be subject to review. Conflicts of interest and gifts are currently declared using an online form managed by the People Team and the Legal, Compliance & Risk Team and available on SharePoint at <https://eitclimatekic.sharepoint.com/sites/DI-Policy/SitePages/Home.aspx> Access to completed forms is limited to the People team and Legal, Compliance and Risk team.

You must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with our expenses policies and specifically record the reason for the expenditure.

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as KIC Partners, award and prize recipients, suppliers, customers, start-ups and other business contacts, should be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments

or other side agreements (i.e. those outside our normal processes and procedures).

3.3 How to Raise a Concern

All Climate-KIC people are responsible for the success of this Policy and should ensure they use it to disclose any suspected danger or wrongdoing. You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes bribery or corruption, or if you have any other queries, these should be raised with a trusted manager, the Legal, Compliance & Risk Team, the People Team or via the independent third-party whistle blowing service.

3.4 What to do if you are a victim of fraud, corruption or bribery

It is important that you tell the Legal, Compliance & Risk Team or People Team as soon as possible if you suspect fraud or corruption or are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity. Alternatively, you may report the issue via the independent third-party whistle blowing service.

Protection

Climate-KIC people who refuse to act in a fraudulent or corrupt manner or refuse accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken.

We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in fraud, corruption or bribery, or because of reporting in good faith their suspicion that an actual or potential fraud, corruption, bribery or other offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Legal, Compliance & Risk Team or People Team or report via the third-party whistle blowing service immediately. If the matter is not remedied, and you are an employee, you should raise it formally using the appropriate grievance procedure

3.5 Training and Communication

Regular training on this Policy will be made available across Climate-KIC both at an all staff level and in target focus groups.

Our zero-tolerance approach to fraud, corruption and bribery must be communicated to all partners, suppliers, contractors, agents and business and other partners at the outset of our relationship with them and as appropriate thereafter

3.6 Questions

The Legal, Compliance & Risk Team will deal with any queries on this Policy and its implementation. You are invited to comment on this Policy and suggest ways in which it might be improved.

4. Annexes

4.1 Annex 1: Further Potential Risk Scenarios / “Red Flags”

The following is a list of possible red flags that may arise during the course of you working for or with us and which may raise concerns under various Anti-fraud, corruption and bribery laws. The list is not intended to be exhaustive and is for illustrative purposes only. If you encounter any of these red flags while working for us, please report them promptly to the Legal, Compliance & Risk Team, People Team or via the independent third-party whistle blowing service (note third parties includes partners):

- You become aware that a Climate-KIC person or a third party engages in, or has been accused of engaging in, improper business practices;
- You learn that a Climate-KIC person or a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials;
- You are preparing to engage (or become engaged) with individuals or organisations based in a country outside the EU and deemed a risk according to the Climate-KIC New Country Policy (based on Transparency International);
- A KIC partner or other person promises you an advantage if you secure or agree to approve certain grants, projects or other proposals – i.e. proposal to create side agreements outside of standard processes and procedures;
- A Climate-KIC person or a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or before carrying out a government function or process for us;
- A Climate-KIC person or a third-party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- A Climate-KIC person or a third-party request that payment is made to a country or geographic location different from where the third party resides or conducts business;
- A Climate-KIC person or a third party requests an unexpected additional fee or commission to smooth, facilitate or assist timely deployment of a service;
- A Climate-KIC person or a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- A Climate-KIC person or a third-party request that a payment is made to "overlook" potential legal violations;
- You receive an invoice from a Climate-KIC person or a third party that appears to be non-standard or customised;
- A Climate-KIC person or a third party insists on the use of side letters or agreements or refuses to put terms agreed in writing;
- You notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided; or
- A Climate-KIC person or a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us.

4.2 Annex 2: Independent Third-Party Whistleblowing Scheme



Expolink is independent to Climate-KIC and allows for Climate-KIC people to make anonymous and confidential reports. You can submit a report online, via email or over the phone as below. Further details on SharePoint.

Web: <https://wrs.expolink.co.uk/climate-kic>

Email: climate-kic@expolink.co.uk

Phone:

- Austria: 0800 281700
- Belgium: 0800 71025
- Denmark: 8088 4368
- France: 0800 900240
- Germany: 0800 182 3246
- Hungary: 06800 14863
- Italy: 800 783776
- Poland: 00800 442 1245
- Spain: 900 944401
- Switzerland: 0800 563823
- The Netherlands: 0800 022 9026
- United Kingdom: 0800 374 199

More toll free numbers for additional countries are available at the following link:

<http://www.expolink.co.uk/whistleblowing-hotline/PDF/International-Freephone-listing.pdf>