

Strategy & Policy

Conflicts of Interest & Gifts

Legal, Compliance & Risk

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climate-kic.org



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Contents

- 1. Introduction.....2**
 - 1.1 Why do we have a Conflicts of Interest and Gifts Strategy & Policy2
 - 1.2 Strategy Statement and Priorities.....2
 - 1.3 Policy Statement 3
- 2. Conflicts4**
 - 2.1 What is a Conflict of Interest?.....4
 - 2.2 How to Identify Conflicts4
 - 2.3 What is the Procedure for Declaring Interests, Gifts and Hospitality?.....5
 - 2.4 Maintaining the Register of Conflicts6
 - 2.5 Procedure for Managing Conflicts6
 - 2.6 Third Party Contracts and Business Conflicts, Advisor Approval.....7
 - 2.7 Monitoring Compliance and Reviewing This Policy.....8
 - 2.8 Questions8
- 3. Annexes.....9**
 - 3.1 Annex 1: Declaration of Interests Questionnaire.....9
 - Tips on Using the Questionnaire 10
 - 1.1 Annex 2: Independent Third-Party Whistleblowing Scheme 11

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 the management of conflicts of interest and gifts 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 Conflicts of Interest & Gifts Policy, the details of the Policy itself and roles and responsibilities of those involved in implementing the Policy.

1.1 Why do we have a Conflicts of Interest and Gifts Strategy & Policy

It is important Climate-KIC takes a proactive stance on conflicts of interest and gifts. If we fail to appropriately manage conflicts of interest and gifts appropriately, we may face exclusion from tendering for contracts (including for the EIT grant and other similar streams), substantial damage to our reputation, organisational culture and other consequences.

1.2 Strategy Statement and Priorities

Climate-KIC is committed to ensuring all its activities only proceed under the highest ethical standards. In line with the European principles of equal treatment, fair competition, transparency, non-discrimination and proportionality, Climate-KIC decisions should be **fair and unbiased by the existence of conflicts of interest or gifts.** We will:

- Enhance, promote and maintain a culture of business acting ethically, professionally and with integrity and transparency, and
- Implement and enforce effective systems to actively prevent, detect and/or manage conflicts of interest and gift issues.

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

- KAVA and other grant allocations (including attempts to create “side agreements” – i.e. arrangements outside Climate-KIC's standard processes and procedures);
- Use of EIT (or Climate-KIC) funds by partners, award recipients or other counterparties;
- Matters relating to Climate-KIC people (competing interests and roles, use of time); and
- Goods and services procurement.

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

- Review and, where required, update of Climate-KIC policies including Grant Allocation Policies; Anti-Fraud, Corruption and Bribery Policy; Conflict of Interests and Gifts 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).

1.3 Policy Statement

This Policy applies to each Climate-KIC employee (Climate-KIC person, collectively Climate-KIC people) and sets out guidelines and procedures for identifying, monitoring and managing actual and potential or perceived conflicts of interest. Climate-KIC people:

- Acknowledge that **high standards of ethical conduct and integrity** by all those professionally involved in Climate-KIC activities are **crucial for ensuring Climate-KIC's excellence, reputation and achievement of the mission**; and
- When performing any Climate-KIC activities, are under a **duty to act in the best possible interests of Climate-KIC and its mission, independent of any academic, institutional, industrial, political or other specific interests**. When making decisions, all Climate-KIC People must be alert to the possibility that they, or their colleagues, could be affected by a conflict of interest (actual, potential or perceived).

Climate-KIC people who are members of the Executive Board of Climate-KIC Holding B.V. (Holding) or of any non-profit incorporated by the Holding are subject to this Policy as well as the further terms and conditions set out in the applicable articles and bylaws.

Regardless of the guidelines and procedures set out herein, each Climate-KIC person shall always have an overriding obligation to comply with applicable laws and regulations.

2. Conflicts

2.1 What is a Conflict of Interest?

Although it is difficult to lay down prescriptive rules to cover every single eventuality, in general, a conflict of interest can be defined as a **direct or indirect personal or non-Climate-KIC interest that conflicts with the interests of Climate-KIC and its business.**

A conflict of interest or potential or perceived conflict of interest in any event exists if Climate-KIC intends to enter into a transaction with an organisation:

- In which a Climate-KIC person personally has a material financial interest;
- Which has a managing person who has a material family or personal relationship with a Climate-KIC person; or
- In which a Climate-KIC person has a managerial or supervisory or other similar position.

Additional guidance on the identification of any conflict of interest or potential or perceived conflict of interest, please see the questionnaire set out in Annex 1 hereto.

2.2 How to Identify Conflicts

Actual and potential or perceived conflicts of interest cannot always be entirely avoided, and their mere existence does not necessarily imply any wrongdoing. The intention of this Policy is not to ban or sanction the holding of interests but to mitigate actual, potential and perceived conflicts of interest.

Each Climate-KIC person acknowledges the duty to **immediately declare and disclose to Climate-KIC any actual or potential or perceived conflicts of interest that may arise, to recuse themselves from making conflicted decisions and/or to accept the Climate-KIC's mitigation strategies in accordance with this Policy.** Specifically, there is:

- A duty to disclose any interest in a proposed or existing transaction or arrangement with a Climate-KIC group entity (**transactional conflicts**); and
- A general duty to avoid conflicts of interest (**situational conflicts**). For the avoidance of doubt, **any interest held by a Climate-KIC person in a KIC Partner shall be viewed as a conflict and is disclosable in accordance with this Policy.**

2.3 What is the Procedure for Declaring Interests, Gifts and Hospitality?

As part of onboarding, each Climate-KIC person is required to complete a Declaration of Interests form available on SharePoint at <https://eitclimatekic.sharepoint.com/sites/DI-Policy/SitePages/Home.aspx>:

- Listing any personal interests or positions that may potentially give rise to a conflict of interests;
- Agreeing to declare any gifts or hospitality that they may receive in their capacity as a Climate-KIC Person the value of which is more than €75;
- Confirming that they are not aware of any conflict, other than those already disclosed, that exists between their role and their personal circumstances or other interests;
- Confirming that they will update the form annually, or sooner if any changes occur; and
- Confirming that they will declare any conflict that arises in the future.

At least once in every 12-month period and when any material changes occur, each Climate-KIC person must review the information relating to them contained in the register of interests and declare that the information is correct or make a further declaration if necessary.

The declaration process can be summarised as follows:



It is for the Climate-KIC person concerned to decide which matters to declare but, if in doubt, they should:

- Reach their line manager whom can escalate to the People team or Legal, Compliance and Risk team as appropriate for clarification; or
- Make a declaration using the Declaration of Interest Form.

A colleague may be subject to a new conflict from changes in responsibilities, new commercial engagements by Climate-KIC or other developments during their term of employment. Colleagues are required to be vigilant. As part of day to day work, **before a Climate-KIC person acts, omits to act or makes any other decision, they must ask themselves whether there are any conflicts associated with their actions, omissions or other decision making.** If a Climate-KIC Person considers that they have an actual or potential conflict, they should **inform the People Team or Legal, Compliance & Risk Team** as soon as possible but no later than reasonably in advance of the point of time in which they are to act, omit to act or make a relevant decision which involves the conflict - there must be enough time so that the act, omission or decision does not become inevitable.

Similarly, if a Climate-KIC person considers that another Climate-KIC person or advisor has an actual or potential conflict that has not been declared, they can:

- Inform the People Team or Legal, Compliance & Risk Team as soon as possible but no later than reasonably in advance of the point of time in which the other Climate-KIC person is to act, omit to act or make a relevant decision which involves the conflict; and/or
- Report another Climate-KIC person's actual or potential conflict of interest via the independent third-party whistle blowing service. Contact details can be found in Annex 2 to this Policy.

The information provided by Climate-KIC people in connection with this Policy will be processed in accordance with Climate-KIC's Privacy Policy, Employee Privacy Statement and applicable laws and regulations.

2.4 Maintaining the Register of Conflicts

The People Team and Legal, Compliance & Risk Team are responsible for maintaining the Register of Interests, and will:

- Record in the register all conflicts, interests, gifts and hospitality declared;
- Note any mitigation agreed as per the Procedure for Managing Conflicts; and
- Coordinate with escalation points (including the Executive Board) as required.

2.5 Procedure for Managing Conflicts

For reported and declared conflicts, the People Team, Legal, Compliance & Risk Team and those others with delegated authority to act will:

- Assess the nature of the conflict;
- Assess the risk or threat to Climate-KIC decision-making;
- Decide whether the conflict is non-trivial (that is, it is material or has the potential to be detrimental to the conduct or decisions taken by the relevant Climate-KIC person); and
- Decide what steps to take to avoid or manage the conflict.

The conflicted Climate-KIC person must not take part in the discussion or decision.

The People Team, Legal, Compliance & Risk Team and those others with delegated authority to act (absenting those who are themselves conflicted) will consider whether it is necessary to seek the advice on whether the conflict is non-trivial and/or on how to manage the conflict declared. Such advice may be internal and involve appropriate points of escalation (including to the Executive Board) and also external (e.g. specialist advisors).

If the People Team, Legal, Compliance & Risk Team and those others with delegated authority to act (absenting those who are themselves conflicted) consider that the conflict is non-trivial, such persons will determine what action is appropriate in light of the nature and extent of the conflict. A number of steps can be taken to deal with the conflict, including:

- Excluding the conflicted Climate-KIC person from discussions in relation to the matter to avoid inadvertently influencing the decision;
- Excluding the conflicted Climate-KIC person from decision-making in relation to the matter while the conflict exists;
- Delegating the conflicted Climate-KIC person's vote or authority on the matter on which he or she has a conflict to one of the non-conflicted Climate-KIC people;
- Delegating the matter to a sub-committee of non-conflicted Climate-KIC people;
- Seeking independent advice, for instance, a covenant review, to help with a decision;
- Appointing an alternative, non-conflicted Climate-KIC person;
- Appointing an independent Climate-KIC person (perhaps for a limited duration or restricted to a decision-making process);
- Asking the affected Climate-KIC person to take other relevant steps to mitigate (e.g. to resign from such role within the KIC Partner); and
- Resignation of the conflicted Climate-KIC person where the conflict is acute or pervasive.

The People Team, Legal, Compliance & Risk Team and those others with delegated authority to act (absenting those who are themselves conflicted) will inform the conflicted Climate-KIC person of the decision. If the matter is decided at a formal meeting, this will be noted in the minutes of the meeting the conflict declared, an outline of the discussion and the actions taken to manage the conflict. If the matter is not decided at a formal meeting, the People Team, Legal, Compliance & Risk Team or those with delegated authority to act will note the actions taken as a file note to be stored with the Register of Interests.

2.6 Third Party Contracts and Business Conflicts, Advisor Approval

In respect of existing third-party arrangements (e.g. funding contracts, EIT grant allocations, direct award allocations, procurement contracts, other), upon proposal to enter, amend and/or terminate, each Climate-KIC person should consider and declare any actual or potential conflict in accordance with the terms of this Policy.

Even in the absence of a conflict, in respect of certain third-party advisors, each Climate-KIC person shall first: (i) for finance, tax, audit or other similar advisors, obtain Finance Team pre-approval and (ii) for legal advisors, obtain Legal, Compliance & Risk Team pre-approval.

Each Climate-KIC person shall have an obligation to consider whether any advisor with whom they interact has any actual or potential conflict (and if there is a conflict, disclose it accordingly). All advisors should be appointed under terms that include:

- An obligation to inform Climate-KIC if any circumstances arise in which they are or may be conflicted;
- An obligation to address any conflicts that arise in the work they do for Climate-KIC; and
- A requirement to cease to act for Climate-KIC if a conflict arises.

2.7 Monitoring Compliance and Reviewing This Policy

Any Climate-KIC person who becomes aware of a breach of this Policy shall report it to the People Team or the Legal, Compliance & Risk Team as soon as possible. Alternatively, such person may report breach via the independent third-party whistle blowing service (currently provided by Expolink). Contact details can be found in Annex 2 to this Policy.

2.8 Questions

Please direct any questions on this Policy to the Legal, Compliance & Risk Team.

3. Annexes

3.1 Annex 1: Declaration of Interests Questionnaire

This questionnaire is designed to assist Climate-KIC people identify any interest as well as any actual or potential or perceived conflict of interest.

It is important to remind all Climate-KIC people that it is not just other directorships, employment, work, advisory and/or paid positions they should consider. Please regard an “interest” as a very broad term that includes anything or any connection which could potentially divert a Climate-KIC person’s mind from giving sole consideration to promoting the success of Climate-KIC. A “connected person” is defined as a spouse, registered partner or other life companion, foster child, relatives by blood or marriage up to the second degree and/or any other person with whom you have a material family or personal relationship.

Are you (or a connected person) a director, employee, trustee, consultant, advisor, shareholder or otherwise materially involved with an organisation or individual which is:

- A KIC Partner, Linked Third Party or related organisation in respect of the EIT grant?
- Another type of beneficiary of EIT or other funding or support provided or facilitated by Climate-KIC (e.g. award or prize recipient)?
- A funder, supplier, customer, advisor, consultant or other business partner for Climate-KIC, a KIC Partner, Linked Third Party, award recipient and/or any other type of direct or indirect beneficiary of EIT or other funding?
- In partnership, joint venture or otherwise involved with Climate-KIC, a KIC Partner, Linked Third Party, award recipient and/or any direct or indirect beneficiary of EIT or other funding?

Does any external body with which you are (or any connected person is) associated with have any of the following relationships with Climate-KIC, a KIC Partner and/or any beneficiary?

- KIC Partner, Linked Third Party or related organisation,
- beneficiary (e.g. award or prize recipient),
- funder,
- supplier,
- customer,
- advisor,
- consultant, or
- any other material relationship

Are you associated with any other advisor to Climate-KIC, KIC Partner, Linked Third Party or other beneficiary of EIT or other funding (e.g. award recipient)? Examples include:

- audit;
- tax;
- legal;
- banking;
- pensions or investments; or
- management and other consultancy.

Are you a member of a committee, commission, agency or body (including the European Commission and related organisations) or do you have a material position with a regulator, any department of government, a trade body, a professional body or a charitable organization which has a material relationship with Climate-KIC?

Examples include where the relevant organisation influences government policy, influences standards or rules, or is preparing guidance.

Do you know of any other circumstances that could give rise to a potential or actual conflict of interest or duties?

Tips on Using the Questionnaire

To identify situational conflicts, Climate-KIC persons may find it helpful to ask themselves the following questions:

- Is your role/connection with organisation ABC likely to prevent you, when acting for Climate-KIC, from giving sole consideration to the interests of Climate-KIC?
- Is your role/connection with organisation ABC likely to involve consideration of actions that could be adverse to Climate-KIC's interests or to put you in a position where information that you know as a result of being at organisation ABC would be relevant to the decision to be taken?
- Are you part of the decision-making process of organisation ABC?
- Particularly in relation to any perceived conflict, what is the justification for Climate-KIC to authorise it?

Do the interests of the two organisations (the third party and Climate-KIC) compete, either in their interests or in relation to strategic opportunities?

Would the activities undertaken in one role be likely to have a material impact on the other?

3.2 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>