

# Strategy & Policy

## Conflicts of Interest & Gifts

Legal & Procurement

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[climate-kic.org](https://climate-kic.org)



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# 1. Introduction

EIT 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 EIT Climate-KIC in formulating the Strategy & Policy Conflicts of Interest & Gifts, 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 EIT 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

EIT 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, EIT 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.

## 1.3 Policy Statement

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

- Acknowledge that high standards of ethical conduct and integrity by all those professionally involved in EIT Climate-KIC activities are crucial for ensuring EIT Climate-KIC's excellence, reputation and achievement of the mission;

- When performing any EIT Climate-KIC activities, are under a **duty to act in the best possible interests of EIT Climate-KIC and its mission, independent of any academic, institutional, industrial, political, personal or other specific interests**. When making decisions, all EIT 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); and
- Share objectives in common with our community, but recognise that a high degree of transparency and mitigation of conflicts of interest is necessary to maintain acceptable levels of risk and high standards of governance, when conducting activities where actual or perceived conflicts of interest may arise.

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

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

## 2. Conflicts of interest

### 2.1 What is a Conflict of Interest?

A conflict of interest is where a person's actions or decision making on behalf of EIT Climate-KIC may be impacted by other interests. That is, a situation where a person's judgement, decisions or actions are (or could be) affected by personal or other interests. Simple examples of conflicts of interest include:

- Being involved in hiring or procuring a relative
- Operating, working for or starting a business that is in competition with EIT Climate-KIC

Conflicts of interest are broadly defined as it is difficult to describe every possible situation that may result in a conflict of interest. As such, even potential conflicts should be declared.

A conflict of interest may arise at any time (e.g. as a result of a third-party submitting a proposal following an open call).

The definition of conflicts of interest extends to situations where an independent person assessing the situation may "perceive" a conflict of interest.

As such, EIT Climate-KIC require all our people to remain vigilant and consider where they may have a conflict of interest (actual, potential or perceived) and make a declaration in accordance with this policy in all instances.

To help identify conflicts of interest, the following non-exhaustive examples would all be considered as potential conflicts of interest to be declared:

- Direct or indirect financial interests (including shareholdings)
  - o E.g. where an EIT Climate-KIC person has a financial interest in an organisation that is engaged or may engage with EIT Climate-KIC
  - o E.g. where an EIT Climate-KIC person has a managerial or supervisory position with another organisation
- Non-financial or personal interests
  - o E.g. where an EIT Climate-KIC person has a material family or personal relationship with a managing person at an organisation EIT Climate-KIC is engaging with
- Other competing loyalties
  - o E.g. membership on third-party boards, affiliations or charity work
  - o E.g. role with EIT Climate-KIC partner, grant recipient or community member organisations

## 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 any harm which could arise from actual, potential and perceived conflicts of interest.

Each EIT Climate-KIC person acknowledges the duty to **immediately declare and disclose to EIT Climate-KIC any actual or potential or perceived conflicts of interest that may arise, to recuse themselves from making conflicted decisions and to accept the EIT 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 EIT 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 an EIT Climate-KIC person in a KIC Partner shall be viewed as a conflict and is disclosable in accordance with this Policy.**

A questionnaire is provided in Annex 1 for further guidance to help identify potential or perceived conflicts of interest.

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

As part of onboarding, each EIT 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;
- Declaring any gifts or hospitality that they may receive in their capacity as an EIT Climate-KIC person over the value of €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 EIT 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 EIT Climate-KIC person concerned to decide which matters to declare but, if in doubt, they should:

- Reach out to the People team or Legal & Procurement team as appropriate for clarification; or
- Make a declaration using the Declaration of Interest Form.

### New conflicts of interest

From time to time, a new conflict of interest may materialise, requiring priority action to mitigate potential impact. For example, due to changes in responsibilities, bid/proposal submissions received, new engagements by EIT Climate-KIC or other developments. On a day to day basis, EIT Climate-KIC people must **ask themselves whether there are any potential conflicts associated with their actions, omissions or other decision making**. If an EIT Climate-KIC person considers

that they have an actual or potential conflict regarding an upcoming act, omission or decision that hasn't previously been declared and assessed, they should **inform the People Team or the Legal & Procurement Team and submit a declaration of interest** as soon as possible. This needs to be done reasonably in advance so that the risk associated with a potentially conflicted act, omission or decision can be mitigated.

### Declarations involving other persons

If an EIT Climate-KIC person considers that another EIT Climate-KIC person or advisor has an actual, perceived or potential conflict that has not been declared, they can:

- Inform the People Team or Legal & Procurement Team as soon as possible (reasonably in advance); and/or
- Report an EIT Climate-KIC person's actual or potential conflict of interest via the independent third-party whistleblowing service. Contact details can be found in Annex 2 to this Policy.

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

## 2.4 How are conflicts of interest managed?

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

- Assess the nature of the conflict;
- Assess the risk or threat to EIT 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 EIT Climate-KIC person); and
- Decide what steps to take to avoid or manage the conflict.

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

The People Team, Legal & Procurement 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 & Procurement 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 EIT Climate-KIC person from discussions in relation to the matter to avoid inadvertently influencing the decision;
- Excluding the conflicted EIT Climate-KIC person from decision-making in relation to the matter while the conflict exists;
- Delegating the conflicted EIT Climate-KIC person's vote or authority on the matter on which he or she has a conflict to one of the non-conflicted EIT Climate-KIC people;
- Delegating the matter to a sub-committee of non-conflicted EIT Climate-KIC people;
- Seeking independent advice, for instance, a covenant review, to help with a decision;
- Appointing an alternative, non-conflicted EIT Climate-KIC person;
- Appointing an independent EIT Climate-KIC person (perhaps for a limited duration or restricted to a decision-making process);
- Asking the affected EIT 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 EIT Climate-KIC person where the conflict is acute or pervasive.

The People Team, Legal & Procurement Team and those others with delegated authority to act (absenting those who are themselves conflicted) will inform the conflicted EIT 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 & Procurement 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.

## **2.5 Responsibilities if you have a conflict**

EIT Climate-KIC people have a personal responsibility to act in the best interests of EIT Climate-KIC when carrying out their roles. Further to Section 1.3, where a conflict of interest has been identified, the impacted person should act in accordance with mitigation measures proposed in writing by EIT Climate-KIC.

Potentially conflicted persons are encouraged to act with transparency, ensuring they recuse themselves when appropriate. This demonstrates integrity and helps avoid any presumptions of wrongdoing which can naturally flow from secrecy or non-disclosure.

## 2.6 Conflicts of interest – decision makers

Unmanaged conflicts of interest have the potential to constitute misconduct or breach of statutory duties for directors and professionally qualified employees. All EIT Climate-KIC people should be aware that their unmitigated conflicts of interests have the potential to impact these colleagues. If in doubt of a potential conflict of interest, declare it.

## 2.7 Third Party and Business Conflicts

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

Each EIT 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 EIT 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 EIT Climate-KIC; and
- A requirement to cease to act for EIT Climate-KIC if a conflict arises.

The questionnaire at Annex 1 can be used to assess potential conflicts of interest with third parties.

# 3. Gifts and hospitality

## 3.1 What are Hospitality and Gifts?

A gift is something of value given or received without payment.

Hospitality includes the giving or receiving of food, beverages, entertainment, accommodation and/or other privileges in a professional context.



## 3.2 How do we approach Hospitality and Gifts

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 this Policy and the Strategy & Policy Anti-Fraud, Conflicts & Bribery, all EIT 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 (ie. does not constitute bribery under local 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 & Procurement Team.

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.

## 3.3 What do I do if I'm offered a gift?

Hospitality and gifts must be declared where the value is more than €75 (or equivalent). The declaration is made using the form and process described at Section **Error! Reference source not found.**

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 & Procurement team who can advise on actions appropriate and proportionate 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.

## 4. Monitoring

### 4.1 Conflicts and gifts risk management

EIT Climate-KIC operate a risk management framework across the organisation. Fraud, **Conflicts** and Ethical Concerns is one identified meta-risk. The accompanying risk appetite for conflicts of interest has been categorised as the **lowest tier of risk appetite**, whereby EIT Climate-KIC has no tolerance for unmitigated conflicts of interest and material ethical concerns outside normative realms and the mission.

Key areas that are considered (not limited to) include:

- Conflicts of interest and impartiality of assessment;
- Grant allocation;
- Use of EIT (or EIT Climate-KIC) funds by partners or other counterparties;
- Financial processes;
- Goods and services procurement; and
- Recruitment.

EIT Climate-KIC are committed to:

- Review and, where required, update of EIT Climate-KIC policies including Grant Allocation Policies; Strategy & Policy Anti-Fraud, Bribery & Corruption; Strategy & Policy Conflicts of Interests & Gifts; Procurement Policy; and People (Human Resources) Policies;
- Continued implementation of EIT Climate-KIC's Delegation of Authorities and the updated EIT Climate-KIC Risk Management Framework and further development of EIT 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).

For further information on risk management regarding conflicts of interest, Anti-fraud, and EIT Climate-KIC's strategic objectives, refer the Strategy & Policy Anti-Fraud, Bribery & Corruption and/or Action Plans where applicable.

## **4.2 Maintaining the Register of Conflicts**

The People Team and Legal & Procurement 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.

## **4.3 Monitoring Compliance and Reviewing This Policy**

Any EIT Climate-KIC person who becomes aware of a breach of this Policy shall report it to the People Team or the Legal & Procurement Team as soon as possible. Alternatively, such person may report breach via the independent third-party whistleblowing service. Contact details can be found in Annex 2 to this Policy.

## **4.4 Questions**

Please direct any questions on this Policy to the Legal & Procurement Team.

# 5. Annexes

## 5.1 Annex 1: Declaration of Interests Questionnaire

This questionnaire is designed to assist identification of actual or potential or perceived conflicts of interest with EIT Climate-KIC.

As a reminder, it is not just other directorships, employment, work, advisory and/or paid positions to be considered. Please regard an “interest” as a very broad term that includes anything or any connection which could potentially divert a person’s mind from giving sole consideration to promoting the success of EIT Climate-KIC and its mission. 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.

**Question 1:** 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 (e.g. EIT grant recipient), Linked Third Party, Community Member or related organisation in respect of the EIT grant?
- Another type of beneficiary of EIT or other funding or support provided or facilitated by EIT Climate-KIC (e.g. award or prize recipient)?
- A funder, supplier, customer, advisor, consultant or other business partner for EIT 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 EIT Climate-KIC, a KIC Partner, Linked Third Party, award recipient and/or any direct or indirect beneficiary of EIT or other funding?

**Question 2:** Does any external body with which you are (or any connected person is) associated with have any of the following relationships with EIT Climate-KIC, a KIC Partner (e.g. EIT grant beneficiary) and/or any beneficiary?

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

**Question 3:** Are you associated with any other advisor to EIT Climate-KIC, KIC Partner (e.g. EIT grant beneficiary), 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.

**Question 4:** 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 EIT Climate-KIC?

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

**Question 5:** 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, individuals may find it helpful to ask themselves the following questions:

- Is your role/connection with organisation ABC likely to prevent you, when acting for EIT Climate-KIC, from giving sole consideration to the interests of EIT Climate-KIC?
- Is your role/connection with organisation ABC likely to involve consideration of actions that could be adverse to EIT 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 EIT Climate-KIC to authorise it? Do the interests of the two organisations (the third party and EIT 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?

## 5.2 Annex 2: Independent Third-Party Whistleblowing Scheme



Navex Global is independent to EIT Climate-KIC and allows for EIT Climate-KIC people to make anonymous and confidential reports. You can submit a report online, via email or over the phone as below.

Web – [Climatekic.ethicspoint.com](http://Climatekic.ethicspoint.com)

Phone:

- Austria: 0800 068737
- Belgium: 0800 76 541
- Denmark: 80 25 39 99
- France: 0 800 911699
- Germany: 08001808262
- Hungary: (80) 088 367
- Italy: 800 727 450
- Poland: 800000147
- Spain: 900 999 406
- Slovenia 080 488854
- Switzerland: 0800 894 307
- The Netherlands: 0800 0229573
- United Kingdom: 0800 088 5277

For further information regarding EIT Climate-KIC's whistleblowing processes, refer the Strategy & Policy – Anti-Fraud, Bribery & Corruption.