

Ethical Standards for Contractual Counterparties

May 2021

climate-kicfoundation.org

Initially supported by:



Funded by the
European Union

1. Introduction

Climate-KIC International Foundation (**Foundation**) is an international non-profit organisation with the objective of contributing to the protection of nature and the environment, including enhancement of sustainability, by way of catalysing systemic change for climate action through innovation. As part of such mission, the Foundation is committed to responsible business and ensuring our ethical standards are integrated into our business processes and decisions. This commitment extends to our third-party contractual counterparties (counterparties or, individually, a counterparty) and requires that we work only with counterparties with standards of ethical behaviour that are consistent with our own.

The Foundation is committed to ensure all activities only proceed under the highest ethical standards. The Foundation takes a proactive approach to promoting ethical commercial dealings by working honestly with funders, donors, beneficiaries, award and prize recipients, suppliers and bidders and fostering best practice to manage and support innovation in climate change mitigation and adaptation. As a result, Foundation requires that all its counterparties similarly adhere to the highest ethical standards and follow the guidance set out in this Ethical Standards for Contractual Counterparties (**Policy**). This Policy is in addition to any other terms set out in the applicable contract(s).

2. Guiding Principles for Contractual Counterparties

This Policy outlines the key principles that a counterparty should work to operate in an ethical manner consistent with Foundation's expectations.

Strategy & Mission

The counterparty, in connection with the activities it undertakes with Foundation, will act in coherence with Foundation's strategy and mission. The counterparty specifically acknowledges Foundation's objective of contributing to the protection of nature and the environment, including enhancement of sustainability, by way of catalysing systemic change for climate action through innovation.

Organisation & Culture

The counterparty has a governance structure and culture that reinforces ethical and lawful behaviour and ensures all aspects of its business are compliant to financial, legal and ethical

standards. It extends this expectation to any other counterparty intermediaries acting on its behalf. Further, it should have a code of conduct including a policy on conflicts of interest in line with the requirements set out in this Policy.

Risk Identification & Assessment

The counterparty has regular reviews that measure its risk controls and identify the actions needed to deliver any necessary improvement. This includes assessing the risk of activities carried out by third parties acting on its behalf.

It defines roles for its people in terms of responsibility for all aspects of running the organization, including the identification, assessment and mitigation of risks to ensure business continuity.

Standard Setting

The counterparty has an established governance structure consistent with the size and nature of the business which defines policies, ways of working and controls for managing its business ethically.

It shares these with its own contractors and subcontractors so that they are clear what standards are expected of them and, where appropriate, assesses if their policies are adequate. The counterparty identifies and complies with all applicable laws, regulations, codes and standards, both in the country in which the counterparty works and in the country in which the service or products will be provided.

The counterparty complies with all relevant contractual Foundation requirements, even where these are higher than applicable laws and regulations.

Training & Competency

The counterparty has a training program that achieves an appropriate level of knowledge, skills and abilities in management and workers to address the expectations in this Policy.

Control Activities

The counterparty has monitoring in place, to ensure that processes are being adequately followed and risk control measures are effective. Identified process and control failures should be addressed.

3. What does this mean in practice?

A counterparty to Foundation is free to determine what methods it uses to meet the expectations in this Policy. It is acknowledged that applicable laws, values and cultural expectations may influence how these principles are applied in practice, but they must be in the spirit of this Policy.

For certain highly sensitive areas, the counterparty may be expected to work exactly to Foundation's policies and standards, but this will be specified in the contract.

In most cases, prior to contracting with a counterparty, Foundation assesses how well the above principles are being applied to both the governance of the counterparty and the relevant risk areas outlined in this Policy. Ongoing counterparty relationships are subject to periodic re-assessment to ensure standards have been maintained including responding to any changes in the conduct, reputation or risks related to the counterparty.

Foundation expects the same standards of its own people and actively encourages counterparties to report any incidents they believe contravene any of the principles outlined in this Policy.

Anti-fraud, Corruption & Bribery

The counterparty must have a zero tolerance for fraud, bribery or corruption and does not give or receive bribes when conducting business.

Counterparties shall not offer, give, request or accept bribes or permit subcontractors or others to do so on their behalf. This includes:

- Offering or giving (directly or indirectly) money or anything else of value, including gifts and hospitality, to any person or organisation that is intended to, or could be seen as an attempt to influence or reward them to behave improperly in order to obtain or retain business or secure a business advantage for themselves, their organisation or Foundation, or as an attempt to influence or reward an official action or decision (e.g. by a public official); and/or
- Requesting or accepting (directly or indirectly) money or anything else of value, including gifts and hospitality, if it is intended to, or could be seen as an attempt to compromise their independence or judgement, or to improperly influence a business decision for themselves, their organisation or Foundation.

When specifically authorised by Foundation, counterparties may:

- Provide services to Foundation or on Foundation's behalf;
- Provide appropriate hospitality or items of value. However, under no circumstances, may counterparties give gifts of a personal nature (e.g. gift cards, restaurant vouchers) on Foundation's behalf; and/or

- Give contributions on Foundation's behalf.

Counterparties interacting with public officials on behalf of Foundation shall:

- Comply with the specific requirements of contracts and agreements with Foundation;
- Not make any facilitation payments, either directly or indirectly, to public officials, regardless of whether such payments are nominal in amount, unless under duress (i.e. where there is reasonable fear for personal safety); and
- Promptly report in writing to the Foundation contract manager all incidents where they are involved in the following situations:
 - Facilitation payments are requested but not paid; or
 - Payments are demanded under duress, whether paid or not; or
 - Any suspected situation of fraud. This includes:
 - The use or presentation of false, incorrect or incomplete statements or documents, which has the effect of illegal diminution of the resources of EU budget;
 - 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.

Conflicts of Interest

The counterparty must not allow conflicts of Interest to influence or compromise the professional duties and decisions of the counterparty or its employees.

Counterparties shall:

- Inform the Foundation contract manager in writing of any actual, apparent or potential conflicts of interest relevant to the counterparty's performance of services for Foundation, at the time they become known;
- Address any conflicts that arise in the work they do for Foundation and cease to act for Foundation if a conflict arises; and
- Have financial controls in place to prevent conflicts of interest affecting procurement and financial decision making.

Sustainability

Counterparties shall:

- Manage business activities in a way that is sustainable and avoids the use of hazardous materials, conserves water, energy and other natural resources and minimizes the generation of waste through avoidance, reuse and/or recycling; and
- Ensure any emissions to air, water and land are in compliance with laws and regulations and controlled or treated to the extent necessary to eliminate, or otherwise minimize the risk of, adverse effects on human health or the environment.

Grants, Donations & Similar

If in receipt of a donation, grant or contribution from Foundation, the counterparty declares that this funding will be used for the benefit of the public interest aligned to the Foundation's overall mission as set out above.

Political Affiliation

The counterparty declares itself not to be a political party or to be affiliated with a political party.

Employment Principles

The counterparty must operate in line with internationally recognised human rights and promote and maintain a culture of respect and equal opportunities.

Non-Discrimination and Fair Treatment

Counterparties shall provide a workplace free of harassment and discrimination. Discrimination for reasons such as race, colour, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership or marital status is not condoned.

Decisions about recruitment, development and promotion are based purely on merit, performance and ability.

Child Labour

Counterparties shall:

- Not use child labour. The minimum age for employment is 15 years of age (or 14 in accordance with developing country exceptions under International Labour Organisation (ILO) Convention no.138). If local minimum age law stipulates a higher age for work or mandatory schooling, the higher age applies; and
- Not employ workers under 18 at night or in hazardous conditions.

Freely Chosen Employment

Counterparties shall not use forced, bonded or indentured labour or involuntary prison labour or any other form of slavery or modern slavery. In addition, counterparties shall:

- Take reasonable steps to ensure there is no modern slavery or human trafficking in their supply chain or in any part of their business;
- Ensure that neither they, nor their officers, have been convicted of any offence involving slavery and human trafficking; and
- Ensure that they, and their officers, have made reasonable enquiries that, to the best of their knowledge, that they haven't been, nor are currently the subject of any investigations, inquiries or enforcement proceedings by any governmental, administrative or regulatory body regarding any offence or alleged offence of or in connection with slavery and human trafficking.

Wages, Benefits & Working Hours

Counterparties shall:

- Pay employees according to applicable wage laws, including minimum wages, overtime hours and mandated benefits;
- Have working hours that comply with applicable laws;
- Communicate with the employee the basis on which they are being compensated in a timely manner; and
- Communicate with the employee whether overtime is required and the wages to be paid for such overtime.

Freedom of Association

Counterparties shall respect the rights of employees, as defined in applicable laws, to associate freely, join or not join labour unions, seek representation and join employees' councils.

Health and Safety

Counterparties take responsibility for the safety of its people in the workplace. It shall abide by all applicable health, safety and environmental laws and report all health, safety or environmental hazards.

Trade Controls and Sanctions

Counterparties shall comply with applicable trade regulations including licensing requirements, boycotts, embargoes and other trade restrictions that have been approved by recognised national and international authorities.

Fair Competition

Counterparties shall:

- Only seek competitive advantage through lawful means and conduct their business consistent with transparent, fair and vigorous competition,
- Only engage in dialogue with competitors when there is a legitimate business reason to do so, and the dialogue is such that it will not restrict competition (e.g. is limited to public or non-commercial information), and
- Not abuse their position, if it is dominant or has a monopoly, to exclude competitors or exploit customers.

Data Privacy

The counterparty collects, uses, retains and discloses Foundation personal data in a fair, transparent and secure way. Counterparties shall:

- Only use Foundation personal data under our instructions and not use it for their own purposes;
- Ensure that effective organisational and security measures (both technological and physical) are applied to all Foundation personal data to ensure the privacy of affected individuals;
- Appoint a representative who is accountable for data privacy and security in their company;
- Ensure information is protected and kept secure at all times from unauthorised use, damage, disclosure, diversion or removal, whether through accident, improper act or breach of trust; and
- Ensure employees who will have access to Foundation personal data are appropriately trained in their responsibilities around processing and protecting the personal data.
- Shall not transfer or otherwise process personal data outside the European Economic Area (EEA) unless the following conditions are met: (a) either party is processing personal data in a territory which is subject to a current finding by the European Commission under the GDPR that the territory provides adequate protection for the privacy rights of individuals (EC Adequacy decisions at: <https://ec.europa.eu/info/law/law-topic/data->

protection/international-dimension-dataprotection/adequacy-decisions_en; as amended or replaced from time to time); or (b) either party can ensure that appropriate technical, organisational and security measures have been implemented in a way that the processing will meet the requirements of applicable data protection laws and ensure an adequate level of protection with respect to the privacy rights of individuals as required by the General Data Protection Regulation ((EU) 2016/679); or (c) the data subject has explicitly consented to the transfer after having been informed of the possible risks of such a transfer.

Confidentiality & Insider Trading

The counterparty protects confidential information from improper disclosure. Counterparties shall:

- Agree to confidentiality agreements if confidential information is to be shared and ensure any authorised communication of confidential information is limited to individuals who have a “need to know”; and
- Prohibit their employees from insider trading for their own or other’s personal profit.

These requirements apply even to misuse of confidential information after a Counterparty’s business relationship with Foundation has been concluded.

Compliance with Laws and Regulations

The counterparty is not involved in any activities that are banned in the EU, Switzerland and the United Kingdom. The counterparty and its affiliates, funders, suppliers, subcontractors and other third parties with whom it contracts will comply with all applicable laws and regulations including, without limitation, those in relation to racketeering, money laundering or terrorism and will not take any action that will cause Foundation to be in breach of any applicable laws and regulations including, without limitation, those in relation to racketeering, money laundering or terrorism.