

Strategy & Policy Conflicts of Interest & Gifts

May 2021

climate-kicfoundation.org

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

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 this mission, a robust approach to the management of conflicts of interest and gifts is vital particularly given the Foundation's formal status as a public benefit/charitable organisation (known as ANBI or *algemeen nut beogende instelling* in the Netherlands). This Strategy & Policy Statement sets out the strategic priorities and other main considerations of Foundation 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. Further, in support of this policy are a number of internal manuals and processes that aid its implementation.

It is very important Foundation takes a proactive stance on conflicts of interest and gifts. Conflicts of interest can lead to decisions that are not in the best interests of the Foundation, which are invalid, open to challenge, or have a material financial impact. Conflicts of interest can also damage the Foundation's reputation or public trust and confidence in non-profit organisations generally. If we fail to appropriately manage conflicts of interest and gifts appropriately, we may lose our non-profit (ANBI) status, 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.

Strategy Statement & Priorities

Foundation 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, Foundation 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.

Foundation has carried out an internal risk assessment in relation to conflicts of interest and gifts (such exercise to be repeated annually or more frequently as required). The objective of such risk assessment was to identify the key risks in relation to conflicts and produce a priority list as follows:

- Dealings with Climate-KIC Holding B.V. (Holding);
- Grant allocations and donations (including attempts to create "side agreements" –

i.e. arrangements outside Foundation's standard processes and procedures);

- Use of Foundation funds by beneficiaries, award recipients or other counterparties;
- Matters relating to Foundation people including board members (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:

- Finalise Foundation policies including Ethics Approach and Standards; Anti-Fraud, Corruption and Bribery Policy; Conflict of Interests and Gifts Policy; Procurement Policy;
- Development of a Foundation Risk Management Framework and policies around project assessment, grant allocation and donations;
- Ongoing review of risk assessment exercise; and
- Required training from time to time – both at all staff level and with specific focus groups.

Policy Statement

This Policy applies to each Foundation board member and each employee of Foundation and of organisations controlled by Foundation (**Foundation person**, collectively **Foundation people**) and sets out guidelines and procedures for identifying, monitoring and managing actual and potential or perceived conflicts of interest. Foundation people:

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

Foundation people who are members of its Executive and/or Supervisory Board are subject to this Policy as well as the further terms and conditions set out in the applicable articles, bylaws and relevant law (e.g. non-profit compliance).

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

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-Foundation interest that conflicts with the interests of Foundation and its business.**

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

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

For 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.

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 Foundation person acknowledges the duty to **immediately declare and disclose to Foundation any actual or potential or perceived conflicts of interest that may arise, to recuse themselves from making conflicted decisions and/or to accept the Foundation'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 Foundation or a related organisation (**transactional conflicts**); and
- A general duty to avoid conflicts of interest (**situational conflicts**). For the avoidance of doubt, **any interest held by a Foundation person in a beneficiary, donor, supplier or other related party shall be viewed as a conflict and is disclosable in accordance with this Policy.**

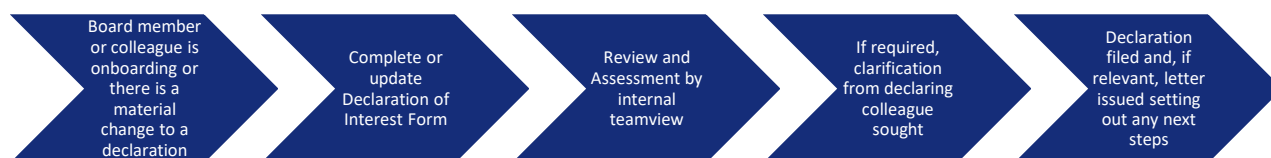
What is the Procedure for Declaring Interests, Gifts and Hospitality?

As part of onboarding, each Foundation person will be required to complete a Declaration of Interests form:

- 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 Foundation Person the value of which is more than €15 for gifts or €75 for hospitality;
- 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 Foundation 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 Foundation person concerned to decide which matters to declare but, if in doubt, they should declare.

A colleague may be subject to a new conflict from changes in responsibilities, new engagements by Foundation or other developments during their time with the Foundation. Colleagues are required to be vigilant. As part of day to day work, **before a Foundation 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.** Annex 1 provides a helpful checklist and reminder. If a Foundation Person considers that they have an actual or potential conflict, they should make a declaration 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 Foundation person considers that another Foundation person or advisor has an actual or potential conflict that has not been declared, they can:

- Make a declaration on the other's behalf as soon as possible but no later than reasonably in advance of the point of time in which the other Foundation person is to act, omit to act or make a relevant decision which involves the conflict; and/or
- Report another Foundation 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 Foundation people in connection with this Policy will be processed in accordance with Foundation's Privacy Policy and applicable laws and regulations.

Maintaining the Register of Interests

Those responsible for people and legal matters for the Foundation will be 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 and Supervisory Board) as required.

Procedure for Managing and Preventing Conflicts

For reported and declared conflicts, those responsible for people and legal matters for the Foundation and those others with delegated authority to act will:

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

The conflicted Foundation person must not take part in the discussion or decision.

Those responsible for people and legal matters for the Foundation 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 Supervisory Board) and also external (e.g. specialist advisors).

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

Those responsible for people and legal matters for the Foundation and those others with delegated authority to act (absenting those who are themselves conflicted) will inform the conflicted Foundation 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, those responsible for people and legal matters for the Foundation or those with delegated authority to act will note the actions taken as a file note to be stored with the Register of Interests.

Third Party Contracts and Business Conflicts, Advisor Approval

In respect of existing third-party arrangements (e.g. funding contracts, donation or other direct award allocations, procurement contracts, other), upon proposal to enter, amend and/or terminate, each Foundation 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 Foundation person shall first: (i) for finance, tax, audit or other similar advisors, obtain pre-approval from those responsible for finance matters for the Foundation and (ii) for legal advisors, obtain pre-approval from those responsible for legal matters for the Foundation.

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

Monitoring Compliance and Reviewing This Policy

Any Foundation person who becomes aware of a breach of this Policy shall report it to a trusted colleague amongst those responsible for people or legal matters for the Foundation as soon as possible. Alternatively, such person may report breach via the independent third-party whistle blowing service (currently provided by Navex Global). Contact details can be found in Annex 2 to this Policy.

Questions

Please direct any questions on this Policy to those responsible for legal matters for Foundation

Annex I to Conflict of Interest & Gifts Declaration of Interests Questionnaire

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

It is important to remind all Foundation 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 Foundation person’s mind from giving sole consideration to promoting the success of Foundation. 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 beneficiary or organisation closely related to a beneficiary in respect of a grant from Foundation?
- Another type of beneficiary of funding or support provided or facilitated by Foundation (e.g. award or prize recipient)?
- A funder or donor, supplier, customer, advisor, consultant or other business partner for Foundation, a beneficiary, award recipient and/or any other type of direct or indirect beneficiary of other funding from Foundation?
- In partnership, joint venture or otherwise involved with Foundation, a beneficiary, award recipient and/or any direct or indirect beneficiary of other funding from Foundation?

Does any external body with which you are (or any connected person is) associated with have any of the following relationships with Foundation or any beneficiary?

- beneficiary (e.g. award or prize recipient) or linked third party,
- funder or donor,
- supplier,
- customer,
- advisor,
- consultant, or
- any other material relationship

Are you associated with any other advisor to Foundation, beneficiary, Linked Third Party or other beneficiary of other funding (e.g. award recipient), or donor? 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 Foundation?

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, Foundation 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 Foundation, from giving sole consideration to the interests of Foundation?
- Is your role/connection with organisation ABC likely to involve consideration of actions that could be adverse to Foundation'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 Foundation to authorise it?

Do the interests of the two organisations (the third party and Foundation) 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?

Annex II to Conflict of Interest & Gifts Whistle Blowing Scheme



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

eWeb – 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