

CONFLICT OF INTEREST MANAGEMENT POLICY

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0 POLICY RATIONALE

The concern over the existence of conflicts of interest in organisations is becoming more common due to the growing complexity of society, the number and diversity of relations between workers in organisations and external entities, and society's growing awareness of these issues.

While fulfilling INESC TEC's mission of developing and transferring science-based knowledge to the Portuguese business fabric - without competing with it – the employees establish relations with external entities, which are both necessary and desirable.

While carrying out their duties at the Institute, employees share a **primary interest** in accomplishing the institutional mission and values. However, both in their professional and personal lives, they can pursue **secondary interests**.

The performance of activities or the existence of interests by a worker, namely considering entities external to INESC TEC - as well as their ability to influence the relation between the institution and said external entities, with financial or any other type of gains, for themselves or their direct relatives - can lead to **conflicts of interest**.

For this purpose, INESC TEC's associate members, as well as the Higher Education Institutions (HEI) that are not associate members but provide human resources to INESC TEC, shall not be considered external entities. Any activities carried out by the educational or research personnel for the Higher Education Institution to which they are bound, will not lead to conflicts of interest to INESC TEC, given that the relation with HEI is sufficiently regulated within the existing legislation, the human resources secondment protocol and the internal rules applicable to the integrated researchers of INESC TEC - without prejudice to the fact that, in certain cases, the management of conflicts may fall under the responsibility of the hierarchical body of educational or research staff.

The INESC TEC Conflict of Interest Management Policy does not cover the management of conflicts that may arise between the priorities of Higher Education Institutions and the external interests of their teaching staff and researchers in the context of activities carried out within their respective institutions.

INESC TEC adopted this Conflict of Interest Management Policy to ensure the independence and integrity of the activities it undertakes, as well as guarantee transparency regarding the interests of employees that may or should be known by the institution itself, its governing bodies and services, other workers, and the entities with which it cooperates.

1 DEFINITIONS

In the present context, the underlined words or expressions shall have the meanings set out below:

- **"Integrated Human Resources"**: for the purposes of this Policy, this refers to the concept of integrated human resources adopted internally by INESC TEC, as defined in the "Bases Institucionais do INESC TEC - Ligações de Colaboradores", in the latest version;
- **"Direct family member"**: spouse or partner in a *de facto* union, parents or children, and relatives in the second degree (siblings);
- **"Reasonable and informed observer"**: defined as a person who is not involved in the specific conflict of interest, possesses sound judgement, and is reasonably informed about conflicts of interest in general, as well as about the particular legal, institutional, and financial context in which INESC TEC's activities take place.

2 GENERAL PRINCIPLES

- 2.1 A conflict of interest is deemed to exist when the external activities and interests, whether financial or otherwise, of an INESC TEC employee may influence (or appear to influence) their decisions or actions in the performance of their duties at the institution, disregarding the institutional interests.
- 2.2 INESC TEC employees should ensure that their external activities and interests do not conflict with their obligations and commitments to the institution.
- 2.3 INESC TEC adopts this Policy and sets out specific rules of conduct to prevent or reduce the risk of conflicts, rather than banning the circumstances that cause them.
- 2.4 To apply this Policy properly, all INESC TEC workers must declare their interests in external entities that may give rise to conflicts of interest; the Institute will then assess said interests and, if necessary, agree with the person on an appropriate management plan.
- 2.5 In carrying out their duties, an INESC TEC employee may be prevented from continuing certain external activities or interests if these create conflicts of interest that cannot be fully resolved.
- 2.6 The teaching and research activities that staff carry out for the Higher Education Institutions to which they are affiliated do not create conflicts with INESC TEC's interests, if they comply with the applicable legislation, the relevant professional statutes, the current secondment agreements, and the internal rules governing the status of integrated researcher. Where the rules do not address a specific situation, the decision of the entity that employs the teaching staff or researchers will prevail.
- 2.7 INESC TEC will provide all interested parties with clear information and training on how to apply this Policy.

3 SCOPE AND DEFINITION

3.1 Scope

- 3.1.1 The INESC TEC Conflict of Interest Management Policy applies to all employees classified as integrated human resources; it also applies to other workers who regularly take part in the institution's activities and have a formal contractual relationship with INESC TEC.
- 3.1.2 Employment contracts and grant agreements must include an obligation to comply with INESC TEC's Conflict of Interest Management Policy.

3.2 Conflict of interest

- 3.2.1 A conflict of interest stems from a set of circumstances that - from the perspective of a reasonable and informed observer - generates a potential or concrete risk where an employee's decisions or actions at INESC TEC could be improperly influenced by a secondary interest (namely when pursuing their primary duties to the institution).
- 3.2.2 The main sources of conflicts of interest are activities and financial interests of the worker or their direct family members in external entities, as described in Section 4.
- 3.2.3 The circumstances leading to a potential conflict of interest are objective and do not depend on the worker's character or actions.
- 3.2.4 A conflict exists (or does not exist) regardless of whether a secondary interest influences an employee's decisions or actions.
- 3.2.5 Acknowledging the existence of a conflict of interest does not imply any judgment about a person's character or actions, nor does it, by itself, indicate any wrongdoing.

4 INTERESTS LIKELY TO GENERATE CONFLICTS

The following paragraphs identify a worker's secondary interests that could generate conflicts with INESC TEC's interests, considering his/her role within the institution. These interests must, therefore, be declared and assessed.

4.1 Employee's external activities

- 4.1.1 An external activity of an employee is any activity carried out in addition to/alongside their duties and responsibilities at INESC TEC, performed on behalf of another entity or by themselves.
- 4.1.2 For the purposes of the Conflict of Interest Management Policy, external activities are considered relevant and must be declared if they generate financial benefits, including income from employment, self-employment, or other sources, or if they involve holding positions with decision-making power.
- 4.1.3 Entities for which the employee carries out external activities, or that benefit from said activities, are considered external entities related to that specific employee.
- 4.1.4 Carrying out external activities, as defined above, does not, in itself, create a conflict of interest. Each situation requires a specific assessment to determine whether a conflict exists.
- 4.1.5 Notwithstanding the previous point, the following circumstances generate conflicts of interest related to external activities and require the implementation of appropriate management measures under this Policy:
 - a) Performing activities that are part of the institution's mission;
 - b) Performing activities that, due to their dimension, importance, or the level of involvement required from the employee, may harm or be incompatible with the employee's commitments to INESC TEC;
 - c) Performing activities that may compete directly with INESC TEC for public or private funding

4.2 Activities by direct family members

- 4.2.1 For the purposes of the present Policy, the activities by an employee's direct family member (in an external entity) are considered relevant when all the following conditions apply:
 - a) the direct family member holds decision-making power or can influence decisions in the external entity where they work;
 - b) the external entity operates in areas related to INESC TEC's activities or holds a contractual relationship with INESC TEC;
 - c) the employee, in the course of their duties at INESC TEC, could influence or appear to influence decisions or actions that benefit the external entity and hinder INESC TEC's interests.
- 4.2.2 Entities that meet the conditions above are considered **external entities related** to that employee.
- 4.2.3 When declaring interests related to the activities of an employee's direct family members, said employee only needs to identify the external entities related to them, as described above. Additional

information may be requested later as part of the assessment process and the establishment of conflict management measures.

- 4.2.4 Without prejudice to the obligation to identify external entities related to the employee, the employee has the right to provide additional information about their direct family member's activities only if it is not personal or confidential. Conflict management measures will be established based on the information provided.

4.3 Financial interest

- 4.3.1 An employee has a financial interest in an external entity when they, or a direct family member, may receive benefits from that entity in the form of capital income or intellectual property income arising from rights over results in which the employee participates or has participated
- 4.3.2 For the purposes of the present Policy, a financial interest is considered relevant when all the following conditions apply:
- a) the external entity operates in areas related to INESC TEC's activities or holds a contractual relationship with INESC TEC;
 - b) the employee, in the course of their duties at INESC TEC, could influence or appear to influence decisions or actions that benefit the external entity and hinder INESC TEC's interests
- 4.3.3 In the case of capital income, even if the conditions in the previous section apply, the financial interest is not considered relevant in the following situations:
- a) ownership of shares, quotas, or other equity in publicly traded companies;
 - b) ownership of bonds, options, or credit rights from another individual or legal entity, where the total value is less than €5K.
- 4.3.4 Entities that meet the conditions described above are considered **external entities related** to that employee.
- 4.3.5 When declaring financial interests, an employee only needs to identify the external entities to which they are related, as described above. Additional information may be requested later as part of the assessment process and the establishment of conflict management measures.
- 4.3.6 Without affecting the obligation to identify external entities related to the employee, the employee has the right to provide additional information on financial interests in external entities only if it is not personal or confidential. Conflict management measures will be established based on the information provided.
- 4.3.7 The concept of a **relevant financial interest** does not cover remote or purely hypothetical financial interests, like those occurring in the early stages of technology development processes.
- 4.3.8 Holding interests in external entities associated with the creation of spin-offs by employees, although it may create conflicts of interest, can be encouraged and supported by INESC TEC if conflict management measures are defined in advance to minimise those conflicts.

4.4 Acceptance of benefits

- 4.4.1 Clause 5 of the Code of Conduct for the Prevention of Corruption, part of INESC TEC's Compliance Programme for the Prevention of Corruption, states:

"The members of the Board, holders of management positions, management, and employees of INESC TEC must refrain from receiving any kind of gratuities, offers, or benefits from third parties that exceed mere courtesy or a symbolic value, and such items must be returned to the person or entity that provided them.

An item is considered to exceed symbolic value if its estimated value is equal to or greater than €150.

If, for a justifiable reason, the offer must be accepted, it must be declared to the Compliance Officer."

For the purposes of the present Policy, any goods or benefits from an external entity, related to or stemming from an employee's activities at INESC TEC, is considered relevant when the estimated value is equal to or greater than €150 - provided there is a justifiable reason for acceptance.

- 4.4.2 External entities that provide the goods or benefits described above are considered **external entities related** to that employee.
- 4.4.3 When declaring interests related to the acceptance of goods or benefits, the employee must identify the external entities that provided them and present a justifiable reason for acceptance, as described above. Additional information may be requested later as part of the assessment process and the establishment of conflict management measures.

4.5 Other interests

- 4.5.1 Employees must declare any other circumstances not covered by this Policy that generate a potential or concrete risk where an employee's decisions or actions at INESC TEC could be improperly influenced by a secondary interest (namely when pursuing their primary duties to the institution).

5 SPECIFIC GUIDELINES TO PREVENT OR REDUCE THE RISK OF CONFLICTS OF INTEREST

This section sets out specific guidelines for situations that may lead to conflicts of interest. Employees must follow these guidelines to prevent conflicts or reduce the risk of their occurrence.

Some of these guidelines reflect general duties, but they are included in this Conflict of Interest Management Policy to minimise the potential or actual risk that the employee or related external entities could gain an advantage at the expense of INESC TEC.

5.1 Decision-making in processes and activities

- 5.1.1 INESC TEC employees must not use decision-making power or influence in processes or activities that involve external entities related to themselves, including in the following cases:
- a) the purchase or sale of products or services from or to these entities;
 - b) Participation in the contractual negotiation of projects where said entities are beneficiaries or subcontractors;
 - c) Coordination of projects where these entities are beneficiaries or subcontractors;
 - d) Participation in determining ownership of, or negotiating, intellectual property rights to be licensed to these entities.

5.2 Use of INESC TEC resources

- 5.2.1 The institution's resources, including confidential information, research results, facilities, equipment, and human resources, are intended solely for fulfilling INESC TEC's mission. Employees must not use them for personal benefit or for the benefit of external entities related to them.
- 5.2.2 Moreover, INESC TEC employees must not:
- a) Take ownership of inventions, creations, computer programs, or their media for personal gain or the gain of related external entities, without informing the relevant INESC TEC service to determine ownership, in accordance with institutional policies;
 - b) Use confidential information from research activities or other institutional sources for personal benefit or for the benefit of a related external entity;
 - c) Involve other employees in their external activities by taking advantage of their hierarchical position at INESC TEC or by influencing them not to include such activities in their own declarations of interests.

5.3 Supervision duties

- 5.3.1 An employee's external activities and financial or other interests must not improperly influence their supervision, scientific, or technical work, nor their evaluation of other employees, including interns. This

includes decisions on grading, approval of promotions or wage increases, determination of pay levels, or allocation of workspace.

5.4 Freedom of research and publication

- 5.4.1 Concerning scientific research activities, INESC TEC employees must not allow their own secondary interests to:
- a) direct these activities in a way that goes against the interests of INESC TEC;
 - b) restrict or delay the publication of research results;
 - c) keep said activities or results confidential;
 - d) influence other employees to behave similarly.

6 POLICY IMPLEMENTATION

6.1 Preventing conflicts of interest

- 6.1.1 Employees must not allow external activities or financial or other relevant interests to compromise their primary commitment to INESC TEC's mission or to the highest intellectual and ethical standards in carrying out their duties at the institution.
- 6.1.2 Employees should also avoid situations that, according to a reasonable and informed observer, could generate undesirable risks that influence their decisions or actions while performing their duties at INESC TEC.

6.2 Declaring interests

- 6.2.1 1. All employees of INESC TEC covered by this Policy, as defined in Section 3.1, must declare their external activities, the relevant activities of direct family members, and relevant financial interests in any related external entity, using the form in **Annex I** (*Declaração de Interesses*), with reference to the following periods:
- those on the date of the declaration;
 - those that occurred in the 12 months prior to the date of the declaration, if this is the first declaration;
 - those that are expected to occur in the following 12 months.
2. Employees must also declare the acceptance of any goods with an estimated value of €150 or more from third parties, stemming from their activities at INESC TEC, within thirty days.
- 6.2.2 If an employee is unsure whether an external entity qualifies as related, they should declare it.
- 6.2.3 The declaration of interests must be updated annually upon request of the Board of Directors. Employees must also update it proactively before making any changes to their previously declared external activities, or within 30 days after any other changes occur.
- 6.2.4 The declaration may simply state that the employee has no external activities, no relevant activities by direct family members, and no relevant financial interests.
- 6.2.5 The content of the declaration of interests is the sole responsibility of the employee completing said declaration.
- 6.2.6 The Conflict of Interest Management Policy applies only to active employees; the declaration will be destroyed or returned to the employee no later than 12 months after the termination of their contractual relationship.

6.3 Collection and evaluation of declarations

- 6.3.1 The Board of Directors at INESC TEC is responsible for establishing and appointing a **Conflict of Interest Management Committee** to monitor and apply the present Policy.
- 6.3.2 Declarations of interests are collected and kept securely and confidentially by the **Committee Secretariat** and are shared only with the **Committee** and the **Board of Directors**.
- 6.3.3 The Committee is responsible for ensuring compliance with the Conflict of Interest Management Policy, including:
- assessing declarations of interests and identifying conflicts of interest;
 - establishing with the employee - and proposing to the Board of Directors - management plans for any identified conflicts of interest, towards reducing or eliminating said conflicts;
 - informing INESC TEC employees of the conclusions of the evaluation process and the terms of any agreed conflict management plans;
 - providing general recommendations for managing conflicts of interest.
- 6.3.4 Declarations made by members of the **Committee** and by members of the Board of Directors are subject to special treatment, as described in Section 7.

6.4 Conflict of interest management

- 6.4.1 Conflict of interest **management plans** must be agreed with the employee before they are allowed to start or continue the activities covered by the conflict.
- 6.4.2 Said plans may include, among other measures appropriate to each case:
- identifying the risks to be mitigated or eliminated;
 - protecting the interests of other employees, including interns;
 - reducing a financial interest or transferring control to a trusted entity;
 - excluding the employee from sensitive aspects of the activities covered, with these tasks handled by individuals not subject to their control or influence;
 - ensuring effective monitoring by internal or external parties;
 - defining the persons, groups, or entities to whom a conflict of interest should be communicated, and the content of that communication, in accordance with the following section.
- 6.4.3 Once agreed with the employee, management plans are submitted to the Board of Directors for formal approval.
- 6.4.4 The **Committee** is responsible for ensuring that management plans are followed, by periodically auditing the covered activities and reviewing any periodic monitoring reports.

6.5 Dissemination

- 6.5.1 The content and scope of internal dissemination of a conflict of interest, as set out in the management plan, shall adapt to each case. It must ensure transparency and protect the interests of INESC TEC, employees, third parties, and the public, while respecting the principles of proportionality and relevance.
- 6.5.2 Internal dissemination will take place through the institution's Intranet platform, after removing any personal or confidential data. It may be accessed only by those granted permission, in accordance with the previous point.
- 6.5.3 Management plans may also provide for the external communication of conflicts of interest, appropriate to each case: current and potential participants in the covered activities; funders of those activities; public authorities; and other entities, if necessary.

6.6 Training and information

- 6.6.1 INESC TEC will design and provide information resources about conflicts of interest and the application of this Policy. The institution will also organise internal training sessions as necessary to ensure full understanding and consistent implementation.

7 SPECIAL PROVISIONS

7.1 Declaration of Interest by Members of the Board of Directors

- 7.1.1 The procedures set out in this Policy apply to members of the Board of Directors, except for the verification of conflicts of interest and the approval of any conflict management plan. These responsibilities fall to an *ad hoc* Committee appointed by the General Council, composed of its members and representing all INESC TEC associates.
- 7.1.2 The said Committee may consult the INESC TEC Conflict of Interest Management Committee to support decisions during the evaluation of conflicts and the approval of any conflict management plan.
- 7.1.3 The provisions above will apply to all members of the Board after this Policy comes into effect, when a new Board member takes office, and whenever a Board member updates their declaration.

7.2 Declaration of Interest by members of the INESC TEC Conflict of Interest Management Committee

- 7.2.1 Whenever the Board of Directors decides to appoint a new member to the INESC TEC Conflict of Interest Management Committee, it will first review their declaration of interests, completed in the same way as that of other employees.
- 7.2.2 If the Board of Directors does not identify conflicts of interest that are incompatible with the new Committee member's duties, it must make one of the following decisions:
 - a) confirm the inexistence of conflicts of interest;
 - b) identify conflicts and provide specific recommendations for their elimination.