

## CONFLICT OF INTEREST MANAGEMENT POLICY

### JUSTIFICATION FOR THE POLICY

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 collaborators of organisations and external entities, and the growing sensitivity of society to these issues.

While fulfilling INESC TEC's mission of developing and transferring scientific knowledge to the Portuguese business fabric, without competing with it, its collaborators create relations with external entities, which are both necessary and desirable.

INESC TEC's collaborators, while carrying out their duties at the institute, share with it a **primary interest** in accomplishing its mission and values. However, both during their professional life and in their personal sphere, it is possible for them to have **secondary interests**.

The performance of activities or the existence of interests of a collaborator in entities external to INESC TEC, as well as their ability to influence the relation between the institution and those external entities, with financial or any other type of gains, for themselves or their direct relatives, can result in **conflicts of interest**.

For this purpose, INESC TEC's associate members, as well as the Higher Education Institutions that are not associate members but provide human resources to INESC TEC, will not be considered external entities. Therefore, 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 from the point of view of INESC TEC, given that the relation with Higher Education Institutions 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, in case of doubt, the management of conflicts being the responsibility of the hierarchical body of the educational or research personnel.

The conflict of interest management policy of INESC TEC also does not include the management of conflicts that may occur between the interests of the Higher Education Institutions and the external interests of their educational and research personnel within the scope of the activity carried out by these in their respective institutions.

In order to ensure the independence and the integrity of the activities it carries out, as well as to secure transparency regarding the interests of collaborators that may or should be known by the institution, by its bodies and services, by other collaborators and by the entities with which it has relations, INESC TEC adopts this conflict of interest management policy.

## **1 DEFINITIONS**

In the present context, the underlined words or expressions will have the meaning that is stipulated after them:

- “**Integrated human resources**”: for this purpose, the concept of integrated human resources will be the one adopted internally by INESC TEC, as defined in the document “Bases Institucionais do INESC TEC - Ligações de Colaboradores” (Institutional Bases of INESC TEC - Collaborators Connections), in its most recent version (*intranet link*);
- “**Direct relative**”: married or unmarried partners, first-degree descendants and ascendants (parents and children) and second-degree collateral relatives (siblings);
- “**Reasonable and informed observer**”: meaning a person that is not a party to the conflict of interest, who has good judgment and a good general understanding of conflict of interest issues, as well as of the particular legal, institutional and financial context of the area in which INESC TEC operates.

## **2 GENERAL PRINCIPLES OF THE POLICY**

- 2.1. A conflict of interest is considered to exist when the external activities and interests of a collaborator of INESC TEC, whether they are financial or of any other type, may influence or give the appearance of influencing their decisions or actions while carrying out their duties at the institution, to the detriment of this institution’s interests.
- 2.2. The collaborators of INESC TEC must ensure that their external activities and interests do not conflict with their obligations and commitments to the institution.
- 2.3. Faced with the possibility of conflicts of interest occurring, and as an alternative to the prohibition of the circumstances that originate them, INESC TEC adopts a conflict of interest management policy that includes the establishment of a set of specific conduct guidelines that seek to avoid or reduce the risk of these conflicts occurring.
- 2.4. In order to ensure the proper application of the conflict of interest management policy, all collaborators of INESC TEC must declare their interests in external entities susceptible of originating conflicts of interest. This measure seeks to assess the existence of conflicts of interest and, if necessary, to establish an adequate management plan through an agreement.
- 2.5. The collaborators of INESC TEC, within the scope of their activities, may be prevented from keeping certain external activities or interests, if these result in conflicts of interest deemed insoluble.
- 2.6. The activities of the educational and research personnel for the Higher Education Institutions to which they are bound are not susceptible of creating conflicts with the interests of INESC TEC, in accordance with the legislation applicable to the corresponding professional statute, with the respective secondment agreements and with the internal rules

that define the connection of integrated researcher. Regarding anything left unstated, the decision of the entities to which these education and research personnel are contractually bound prevails.

- 2.7. INESC TEC will provide adequate clarification and training concerning the application of this policy to all interested.

### **3 SCOPE OF APPLICATION AND DEFINITION**

#### **3.1 Scope of application**

- 3.1.1 The conflict of interest management policy of INESC TEC applies to all collaborators classified as integrated human resources, and to other collaborators who participate regularly in the activities of the institution and have a formal contractual relation with INESC TEC.
- 3.1.2 Grant and work contracts will require the adherence to the conflict of interest management policy of INESC TEC.

#### **3.2 Conflict of interest**

- 3.2.1 A conflict of interest results from a set of circumstances that, from the point of view of a reasonable and informed observer, create an apparent, potential or real risk of a secondary interest unduly influencing the decisions or actions of a collaborator of INESC TEC in the pursuit of his primary interest within the institution.
- 3.2.2 The main sources of conflicts of interest are activities and financial interests in external entities, by collaborators or direct relatives, in accordance with Section 4.
- 3.2.3 The circumstances that originate conflicts of interest are objective and do not depend on the character or actions of a collaborator.
- 3.2.4 The conflict exists (or not) independently of a secondary interest influencing in fact the decisions or actions of a collaborator.
- 3.2.5 The recognition of the existence of a conflict of interest does not originate any value judgment over the character or the actions of a collaborator, and cannot determine, in itself, the existence of wrongful conduct.

### **4 INTERESTS SUSCEPTIBLE OF CREATING CONFLICTS**

*The following paragraphs identify the secondary interests of a collaborator that are susceptible of conflicting with the interests of INESC TEC, taking into account his/her roles at the institution. For this reason, these must be declared and assessed.*

## **4.1 External activity of the collaborator**

- 4.1.1 An external activity of a collaborator is an activity that is additional or parallel to his/her roles and responsibilities as a collaborator of INESC TEC and that is performed for another entity or as self-employed.
- 4.1.2 For the purpose of the conflict of interest management policy, external activities are considered as being of relevance and must be declared whenever they generate financial benefits, in particular incomes from employment, self-employment or any other type, or whenever these activities are associated with decision-making positions.
- 4.1.3 The entities for which the collaborator performs an external activity or that benefit from that activity are considered **related external entities** concerning that collaborator.
- 4.1.4 The performance of external activities as defined in the preceding numbers does not necessarily represent a circumstance originating conflict of interest. A specific assessment is required in order to determine its existence.
- 4.1.5 Notwithstanding anything contained in the preceding number, the occurrence of the following circumstances originates conflicts of interest concerning the performance of external activities and requires the establishment of adequate management measures within the context of this policy:
- a) Execution of activities that are part of the mission of the institution;
  - b) Execution of activities that, due to their dimension, importance or requirement of the collaborator's involvement, can be detrimental or incompatible with the commitments of the collaborator to INESC TEC;
  - c) Execution of activities that can directly compete with INESC TEC in obtaining public or private funding.

## **4.2 Activity of direct relatives**

- 4.2.1 For the purpose of the conflict of interest management policy, the activities of a direct relative of a collaborator in an external entity are considered as being of relevance whenever, cumulatively:
- a) the direct relative has decision-making power or the capacity to influence decisions in the external entity where they work;
  - b) the external entity engages in activities in the operational areas of INESC TEC or has a contractual relation with INESC TEC;
  - c) the collaborator, within the scope of his/her duties at INESC TEC, may influence or give the appearance of influencing decisions or actions in favour of the external entity, to the detriment of the interests of INESC TEC.

- 4.2.2 The entities under the conditions mentioned in the preceding number are considered **related external entities** concerning that collaborator.
- 4.2.3 The declaration of interests concerning the activity of direct relatives of a collaborator requires only the identification of the related external entities concerning that collaborator, in accordance with the preceding numbers. Complementary information might be requested as part of the subsequent procedure of assessment and establishment of conflict management measures.
- 4.2.4 Without prejudice to the obligation of identifying the related external entities concerning the collaborator, this collaborator has the right to provide only complementary information related to the activity of direct relatives that such collaborator deems as not personal or confidential. The management measures will be established according to the information provided.

### **4.3 Financial interest**

- 4.3.1 A financial interest of a collaborator in an external entity exists when he/she or his/her direct relatives receive profits from that entity, in the form of capital income or intellectual property income resulting from the ownership of rights on results in whose creation the collaborator participates or has participated.
- 4.3.2 For the purpose of the conflict of interest management policy, a financial interest is considered as being of relevance whenever, cumulatively:
- a) the external entity engages in activities in the operational areas of INESC TEC or has a contractual relation with INESC TEC;
  - b) the collaborator, within the scope of their respective duties at INESC TEC, may influence or give the appearance of influencing decisions or actions in favour of the external entity, to the detriment of the interests of INESC TEC.
- 4.3.3 In the case of capital income, even if the circumstances established in the preceding number occur, the corresponding financial interest is not considered as being of relevance in the following situations:
- a) ownership of shares or other types of equity in the capital of listed companies;
  - b) ownership of bonds, options or credit claims over another natural or legal person of less than €5,000.00.
- 4.3.4 The entities under the conditions mentioned in the preceding numbers are considered **related external entities** concerning that collaborator.
- 4.3.5 The declaration of interests concerning the financial interests of a collaborator requires only the identification of the related external entities concerning that collaborator, in accordance with the preceding numbers. Complementary information might be requested

as part of the subsequent procedure of assessment and establishment of conflict management measures.

- 4.3.6 Without prejudice to the obligation of identifying the related external entities concerning the collaborator, this collaborator has the right to provide only complementary information related to the financial interests in external entities that such collaborator deems as not of personal or confidential nature. The management measures will be established according to the information provided.
- 4.3.7 The concept of **relevant financial interest** does not include the cases of remote or purely hypothetical “financial interest”, such as the case in the initial stages of technology development processes.
- 4.3.8 Although it creates conflicts of interest, the ownership of equity in external entities associated with the launching of spin-offs by collaborators can be encouraged and supported by INESC TEC, as long as management measures in order to minimise those conflicts have been previously established.

#### **4.4 Other interests**

- 4.4.1 Circumstances susceptible of creating conflicts of interest that are not foreseen in this policy must be declared, whenever a collaborator deems them able to create an apparent, potential or real risk of a secondary interest unduly influencing his/her decisions or actions within the scope of his/her activities.

## **5 SPECIFIC CONDUCT GUIDELINES TO AVOID OR REDUCE THE RISK OF CONFLICTS OF INTEREST OCCURENCE**

*This section presents specific conduct guidelines in situations that originate conflicts of interest. These guidelines must be respected in order to avoid these conflicts or reduce the risk of its occurrence.*

*Some of the conduct guidelines are global duties, but they are nonetheless taken into account within this conflict of interest management policy, given the necessity to reduce the apparent, potential or real risk of the collaborator or related external entities receiving benefits to the detriment of INESC TEC.*

### **5.1 Exercise of decision-making power in processes and activities**

5.1.1 The collaborators of INESC TEC shall not intervene with decision-making power nor exert influence in processes or activities that involve related external entities concerning those collaborators, such as in the following cases:

- a) Purchase or sale of products or services from or to those entities;
- b) Participation in the contractual negotiation of projects in which those entities are beneficiaries or subcontractors;
- c) Coordination of projects in which those entities are beneficiaries or subcontractors;
- d) Participation in the determination of the ownership and/or in the negotiation of intellectual property rights to license to those entities.

### **5.2 Use of INESC TEC's resources**

5.2.1 The resources of the institution, such as confidential information, research results, facilities, equipment and human resources, are intended solely for the pursuit of its mission and cannot be used for the benefit of the collaborator or of the related external entities concerning the collaborator.

5.2.2 In particular, the collaborators of INESC TEC must not:

- a) Appropriate inventions, creations or computer programs and respective storage devices, for their own benefit or for the benefit of the related external entities concerning the collaborator, without communicating it to the relevant department of INESC TEC to determine its ownership, in accordance with the policies of the institution;
- b) Use undisclosed information resulting from research or other confidential sources of the institution for their own benefit or for the benefit of the related external entity;

- c) Involve other collaborators within their external activities, taking advantage of their hierarchical position at INESC TEC with regard to those collaborators or influencing them not to include those activities in their own declaration of interests.

### **5.3 Supervision responsibilities**

- 5.3.1 The external activity and the financial or any other type of interests of a collaborator of INESC TEC must not unduly influence his/her scientific or technical supervision activities, nor his/her evaluation of other collaborators, including trainees, namely in terms of granting grades, of approving promotions or additional remuneration, of determining salary levels or of allocating spaces.

### **5.4 Freedom of research and publication**

- 5.4.1 Within activities of scientific research, the collaborators of INESC TEC must not, due to the influence of their secondary interests:
  - a) direct those activities in a direction contrary to the interests of INESC TEC;
  - b) limit or delay the publication of research results;
  - c) keep the existence of those activities or results confidential;
  - d) influence other collaborators to adopt a similar conduct.

## **6 IMPLEMENTATION OF THE POLICY**

### **6.1 Prevention of conflicts of interest**

- 6.1.1 The collaborators must not allow external activities and relevant financial interests to affect their primary commitment to the mission of INESC TEC and to the highest intellectual and ethical standards while carrying out their duties at INESC TEC.
- 6.1.2 They must also avoid circumstances that, from the point of view of a reasonable and informed observer, appear to create an undesirable risk of such circumstances influencing their decisions or actions while carrying out their duties at INESC TEC.

### **6.2 Declaration of interests**

- 6.2.1 All the collaborators of INESC TEC covered by this policy, as defined in Section 3.1, must declare, by means of filling in the form in **ANNEX I**, their external activities, the relevant activity of direct relatives and the relevant financial interests in any related external entity, with reference to the following periods:
  - a) that exist in the date of the declaration;



- b) that existed in the 12 months prior to the date of the declaration, if it is the first declaration;
  - c) that will foreseeably occur in the 12 following months.
- 6.2.2 In case of doubt about the classification of an external entity as related, the collaborator should opt for the declaration.
- 6.2.3 The declaration of interests must be updated annually, at the request of the Board of Directors, without prejudice to other updates at the initiative of the collaborator that happen before the implementation of any change to the declared situation, regarding their own external activities, or within 30 days of the change occurring, regarding all other cases.
- 6.2.4 The declaration may consist of an explicit statement regarding the inexistence of any external activity of the collaborator, of any relevant activity of direct relatives or of any relevant financial interests.
- 6.2.5 The content of the declaration of interests is the sole responsibility of the declarant.
- 6.2.6 The conflict of interest management policy applies only to active human resources and the declaration will be destroyed or returned to the declarant within a maximum of 12 months after the termination of the contractual relation.

### **6.3 Collection and assessment of declarations of interests**

- 6.3.1 For the purpose of the application of this conflict of interest management policy, the **Committee for Conflicts of Interest Management of INESC TEC (Committee)** has been established, to be designated by the Board of Directors.
- 6.3.2 The declarations of interests are collected and kept safe and confidential by the **Committee Secretariat** and are only shared with this **Committee** and the **Board of Directors**.
- 6.3.3 Is it the responsibility of the **Committee** to ensure compliance with the conflict of interest management policy, namely by:
- a) assessing the declarations of interests and identifying the conflicts of interest;
  - b) agreeing with the collaborator on and proposing to the Board of Directors management plans for identified conflicts of interest, in order to reduce or eliminate those conflicts;
  - c) informing the collaborators of INESC TEC about the conclusion of assessment processes and about the terms of possible management plans for identified conflicts of interest;
  - d) formulating general recommendations concerning conflict of interest management.
- 6.3.4 The declaration of the members of the **Committee** and of the Board of Directors obey specific terms specified in Section 7.

## **6.4 Conflict of interest management**

- 6.4.1 The conflict of interest **management plans** should be agreed on with the collaborator before they are permitted to start or continue the activities covered by the conflict of interest.
- 6.4.2 The management plans may include, amongst other aspects appropriate for each case:
- a) the identification of risks to mitigate or eliminate;
  - b) the protection of the interests of other collaborators, including trainees;
  - c) the reduction of a financial interest or the transference of its control to an appropriate entity;
  - d) the possible exclusion of the collaborator from sensible aspects of the covered activities, which will then be handled by people not under their control or influence;
  - e) the possibility of an effective monitoring by people from inside or outside the institution;
  - f) the definition of the people, groups of people or entities to whom a conflict of interest must be communicated, as well as of the content of the disclosure, in accordance with what is established in the following section.
- 6.4.3 The management plans, after being agreed on with the collaborator, must be proposed to the Board of Directors for final approval.
- 6.4.4 The **Committee** is responsible for ensuring that the management plans are complied with, auditing the covered activities periodically and assessing possible periodic monitoring reports.

## **6.5 Disclosure**

- 6.5.1 The content and the amplitude of the internal disclosure of a conflict of interest foreseen in the management plan shall be appropriate for each case, in order to ensure transparency and to protect the interests of INESC TEC, of the collaborators of INESC TEC, of third parties and of the public, respecting the principles of proportionality and relevance of that disclosure.
- 6.5.2 The internal disclosure will happen through the intranet platform of the institution, after the removal of possible personal or confidential data, and will be available to those who have received the required permission, in accordance with the preceding number.
- 6.5.3 The management plans may also include the external communication of the existence of conflicts of interest appropriate for each case: to current and potential participants in the covered activities; to financial backers of the covered activities; to public authorities; and to other entities if the circumstances so require.

## **6.6 Training and information**

- 6.6.1 INESC TEC will elaborate and disseminate materials to inform its collaborators about conflicts of interest and about this policy and its application, as well as organise the internal training initiatives that prove necessary in order to ensure its thorough comprehension and normal implementation.

## **7 SPECIAL PROVISIONS**

### **7.1 Declaration of interests of the members of the Board of Directors**

- 7.1.1 The members of the Board of Directors are subject to the procedures included in this policy, with the exception of the verification of conflicts of interest and of the approval of a possible conflict of interest management plan, which will be the responsibility of an *ad-hoc* Committee appointed by the General Council, composed of members of the General Council and with representation from all the associate members of INESC TEC.
- 7.1.2 The *ad-hoc* Committee may appeal to the Committee for Conflicts of Interest Management of INESC TEC for support regarding its decision in the assessment phases of the conflicts and the approval of a possible conflict of interest management plan.
- 7.1.3 The provisions in the preceding numbers will apply to all members of the Board of Directors after this policy comes into effect, after a new member of the Board of Directors takes up duties, and whenever a member of the Board of Directors changes their declaration.

### **7.2 Declaration of interests of the members of the Committee for Conflicts of Interest Management of INESC TEC**

- 7.2.1 Whenever the Board of Directors decides to appoint a new member for the Committee for Conflicts of Interest Management of INESC TEC, it will analyse their declaration of interests, filled in in the same way as all other collaborators.
- 7.2.2 Assuming that the Board of Directors fails to identify conflicts of interest incompatible with the duties of the new member of the Committee, it must decide in one of two ways:
- a) Declare that no conflicts of interest exist;
  - b) Identify conflicts and elaborate specific recommendations in order to eliminate them.