

## **Supplementary principles of disqualification and conflict of interest for board members**

*Note: This is a translation of the Supplementary principles (in Danish: “Supplerende principper for bestyrelsesmedlemmers konkrete eller generelle inhabilitet”). In case of any dispute as to the meaning or interpretation of any provisions, the Danish version as approved by the board of directors will prevail.*

At the board meeting held on 30 June 2020, the board of directors of Innovation Fund Denmark (hereinafter referred to as the “Fund”) adopted the following supplementary principles of disqualification and conflict of interest to which all board members must adhere in the performance of their board duties. In case of doubt as to whether a situation of disqualification or conflict of interest exists, the individual board members must contact the chairman of the board. Reference is made to paragraph 31 of the rules of procedure regarding handling of (potential) situations of disqualification and conflict of interest.

The board of directors of the Fund is subject to the general rules on disqualification and conflict of interest of the Public Administration Act. To avoid suspicion of situations of disqualification or conflict of interest, whether or not it is justified, the board of directors of the Fund has in addition to the above-mentioned rules adopted the below supplementary/detailed principles of when disqualification or conflict of interest exists in relation to board members.

In the following, “closely related person” has the same meaning as in the Public Administration Act. Partners, parents and children will always be considered closely related persons.

These supplementary principles will be published on the Fund’s website.

### **1. Conflict of interest (in Danish: “*Konkret inhabilitet*”)**

- Board members will have a conflict of interest in relation to the determination of an application in the following situations:
  - The board member has a particular personal or pecuniary interest in the outcome of the matter.
  - The board member will always be deemed to have a conflict of interest on grounds of pecuniary interests if the board member has an ownership share or pecuniary interest in the enterprise or enterprises which the application concerns, except for situations where the board member only has an ownership share in a listed company and the value of the ownership share is lower than DKK 100,000.

- A closely related person of the board member has a personal or pecuniary interest in the outcome of the matter or represents someone with such interest.
- The board member has previously – in the same matter – represented someone with a personal or pecuniary interest in the outcome of the matter, for example through assistance/advice on the drawing up of the specific project or application.
- The board member is employed at the enterprise/one of the enterprises or funds covered by the application or at one of the owners of such enterprises/funds, or the board member is a closely related person of one of the applicants/owners or another legal person having a particular interest in the outcome of the matter.
- There are other circumstances of the board member suggesting a possibility of bias.

In addition, if a board member has a conflict of interest in relation to an application, the board member will also have a conflict of interest in relation to all other applications in the application round if there are fewer than ten non-determined and competing applications remaining. If the determination of the application to which the board member's conflict of interest pertains is finalized and the application, thus, is out of the application round, the board member may resume participation in the determination of the remaining applications in the application round.

With regard to board members who are employed at the same public institution (faculty, research department, academic/research unit, institute, etc.) as the applicant, such board members will have a conflict of interest:

1. If the application concerns the same area of research as the board member's area of research.
2. If the board member is part of the top management of a public institution (such as rector or similar level) or a member of a governing body at a public institution, faculty, academic/research unit, PhD school, institute, etc. and the public institution in question etc. is the applicant, or if one of the persons named in the application is subject to the board member's power of direction.
3. If the application/matter is of significant importance to the board member's employer, employment relationship or any research groups in which the board member takes part or has taken part until recently.

## **2. Disqualification (in Danish: “*Generel inhabilitet*”)**

As regards the issue of disqualification, the board of directors has resolved the following:

- Once a year, the board members must complete and submit to the chairman of the board and the director a list of pecuniary interests in other enterprises/secondary business activities (in Danish: “*bibeskæftigelse*”).
- If a board member or a closely related person of a board member submits an application or is named in an application submitted to the Fund, the board member in question should resign from the board of directors following discussion with the chairman of the board if, or when, necessary.
- If a board member or a closely related person of a board member submits or expects in more than one instance within a three-year term to form part of the group of owners behind an application with an ownership interest of at least 10%, the board member in question should resign from the board of directors following discussion with the chairman of the board if, or when, necessary.
- The general rules on disqualification do not prevent a board member from being a member of the board of directors in a situation where a listed company, at which the board member is employed, submits applications to the Fund, provided that the applications are not submitted by persons to whom the board member directly or indirectly reports or by persons whose immediate superior is the board member.
- If a board member is employed at an unlisted company, the question of whether the board member can be a member of the board of directors is subject to written agreement, irrespective of whether the company submits one or more applications within a three-year term. However, rules which are more lenient than those governing employment at a listed company can never be agreed, cf. immediately above.

## **3. Employees’ disqualification**

The Fund’s employees are disqualified from submitting applications to the Fund and the same applies to the employees’ partners.

The Fund’s employees are further subject to the provisions on disqualification and conflict of interest of the Public Administration Act as well as the rules on secondary business activities in force from time to time as specified in the Fund’s employee handbook.

## **4. Travel rules**

Any business trips of board members must be in compliance with the travel rules of the Fund, which are set out in the Fund’s employee handbook.

