

Anti-Fraud Policy

EIT Manufacturing

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1.Key abbreviations

AF	Anti-Fraud
CEO	Chief Executive Officer
COO	Chief Operating Officer
SPOC	Single Point of Contact
OLAF	European Anti-Fraud Office
SUGA	Start-Up Grant Agreement
EIT	European Institute of Innovation and Technology
EITM	EIT Manufacturing
KIC	Knowledge Innovation Community

2. Introduction and context

KIC EIT Manufacturing has been created in 2019, headquartered in France. To develop the Strategic Agenda accordingly and to ensure the integrity of the KIC EIT Manufacturing, the KIC EIT Manufacturing developed its Anti-Fraud Policy during the SUGA year, has updated it for the first time for the period 2021 – 2023, including both objectives defined by EIT its own objectives prevent any Fraud. The Anti-Fraud policy has been updated for a second time in 2023 for the period 2024 – 2025.

Any act of fraud and corruption in EIT Manufacturing's activities diminishes funds, assets and other resources necessary to fulfil EIT Manufacturing's mandate. Fraudulent and corrupt practices can also seriously damage EIT Manufacturing's reputation and decrease Partners' trust in its ability to deliver results and a transparent manner.

The aim of this Anti-Fraud Policy is to prevent important damages to the KIC EIT Manufacturing due to Fraud.

This Anti-Fraud Policy shall apply for all EIT Manufacturing activities and operations, to EIT Manufacturing staff, the Supervisory Board members, EIT Manufacturing non-staff members (trainees, experts, consultants, ...) contractors and other third parties.

3. Guiding principles and standards

As EIT Manufacturing is part of Horizon Europe, and its main source of revenue is generated by EIT grants and the membership fees of its Partnership portfolio, a zero tolerance approach for any kind of Fraud will be enacted by the KIC EIT Manufacturing. This Anti-Fraud Policy aims to ensure that the risks are adequately assessed and the consequences of breaking any of the rules are well identified and all parties are aware.

The EIT Manufacturing Anti-Fraud Strategy is part of the legal framework of EIT Manufacturing.

Risk mitigating measures

In order to mitigate identified risks, including the risk of Fraud, EIT Manufacturing has also developed several procedures and policies:

- a Conflict of Interest Policy, applying to the EIT Manufacturing staff, the members of the Management Team and members of the Supervisory Board;
- a Code of Conduct, applying to the EIT Manufacturing staff, the members of the Management Team and the members of the Supervisory Board;
- Corporate Governance, taking into account segregation of duties between member of the Supervisory Board and the Management Team and between the different functions of the Management Team;
- Recruitment Guidelines, including:
 - o the recruitment procedure to be followed to recruit all EIT Manufacturing staff (including

- o members of the Management Team / members of the Supervisory Board);
 - o the policy to post the vacancy notices on the EIT Manufacturing website;
 - o reference to the Conflict of Interest policy;
 - o verification procedure of the professional experience of the candidate;
 - o the screening for placement of employees in business areas particularly sensitive to fraud possibilities, via a declaration of conflict of interest;
 - o the conducting of exit interviews.
- The establishment of an Anti-Fraud Committee, consisting of the IT Manager, the Internal Auditor and the Head of Legal;
 - A comprehensive auditing system: EIT Manufacturing is subject to regular audits performed by external auditors auditing the annual accounts;
 - Whistleblowing Policy, ensuring that all staff can safely report any type of suspicions, incidents, and nonconformities observed within EIT Manufacturing.
 - assessment of sensitive functions.
 - IT Security Policy, including internal rules regarding the access rights to internal IT systems.
 - Procurement Policy, including Col declarations for the evaluation committees and for tenderers, and Internal Summary Guidelines for the departments involved and templates to be used in the procurement procedures.
 - HR protective measures in accordance with the applicable law are in place.

EIT Manufacturing also performs internal audits:

- on approvals of various kinds in order to ensure ethical behaviour / conduct of the employees;
- in order to evaluate the effectiveness of antifraud measures on an ongoing basis;
- liaising with external audit to ensure fraud risks are adequately audited.
- EIT Manufacturing also has in place internal rules/system for managing assets, via annual fixed assets count implemented through Internal Audits.

Main principles

The main principles observed by the KIC EIT Manufacturing and any party in relation with the KIC EIT Manufacturing are the following :

- Ethics and integrity;
- Transparency in every process (financial (i.a. regarding use of EIT funds) and non-financial);
- A fluid and clear communication on any significant change to the governance of the KIC EIT Manufacturing.

It is not possible to prevent fraud, corruption or any other illegal activity entirely. However, EIT Manufacturing continues working on the adoption and implementation of strong measures to reduce any existing risk. In this respect, where fraud indicators, including documentary evidence, are observed or there are allegations of fraud, EIT Manufacturing will take prompt action, in accordance with the binding legal agreements and the internal policies.

4. Definition of Fraud

There is no one generally accepted definition of Fraud and it varies among countries and jurisdictions. The term “Fraud” is commonly used to describe a variety of dishonest practices. In line with the EU Directive 2017/13716 Fraud is a deliberate act of deception intended for personal gain or to cause a loss to another party.

For purposes of this Anti-Fraud Policy, the concept of Fraud encompasses both internal and external misbehaviour (i.e. misbehaviour committed by staff members or persons anyhow linked to the EIT Manufacturing or by external parties) and relies on the assumption that the reputational impact of a misbehaviour might be equally important to, or even more important, than the financial damage itself.

It covers in particular, but not only, any infringement of the financial interests of EIT and EIT Manufacturing. It also covers misbehaviour that may not have a direct effect on EIT’s and EIT Manufacturing’s financial interests, but has anyhow a reputational impact, such as some cases of forgery (in CVs for example), concealment of material facts, breaches of IT systems, cyber fraud, transmission of confidential information and conflicts of interests that have not been declared intentionally. Favouritism and collusion are also included in the definition of fraud for the purposes of this Anti- Fraud Strategy.

This Anti-Fraud Policy covers a range of practices including (but not exclusively):

- Misrepresenting the EIT Manufacturing employment status to obtain a benefit from a national government or private sector;
- Abusive use of official signature, or official position, forging the signature of an EIT Manufacturing staff member or forging a document purporting to be from EIT Manufacturing to induce a party outside EIT Manufacturing to act ;
- Forging documents, preparing false entries in EIT Manufacturing systems or making false statements to obtain a financial or other benefit for oneself or another/others;
- Any wilful or gross negligent breach of the conflicts of interests policy (as described in the Conflict of Interests policy);
- Exercise blackmailing or pressure to obtain any financial or non-financial advantage or induce any damage;
- illicit gifts and extravagant invitations from a supplier, subcontractor, customer, or partner;
- accepting hospitality such as meals or entertainment from a contractor, third party with a value exceeding EUR 100 without declaring it, and provided they are not proportionate to the nature and purpose of the event;
- extortion, theft, misuse or misappropriation of materials or (EIT) funds by EIT Manufacturing staff, and third parties;
- collusion or other anti-competitive schemes between suppliers during a procurement process;

- using another user's IT identity or password, or creating false identities/passwords, without consent or authority to manipulate EIT Manufacturing processes or cause the approval or denial of actions;
- failing to disclose a financial or familial interest in a business in accordance with the Code of Conduct and the Code of Interest;
- processing the cost of personal travel as part of an official travel when a clear distinction could be made;
- making misrepresentations, including educational credentials or professional qualifications, on a personal history form in the context of a job application;
- falsifying documents, making false statements, preparing false entries in the EIT Manufacturing systems or other deceptive acts to the detriment of those seeks to disfavour, or to discredit a person, a programme, EIT Manufacturing or EIT;
- facilitation payments;
- money laundering;
- abuse of power, nepotism;
- any practice that could endanger the integrity of EIT Manufacturing.

The list above is not exhaustive and does not necessarily include all actions that could be considered as a Fraud.

5. Fraud risk assessment

In order to further focus on and reduce the risk of Fraud, and in line with the OLAF's Guidance and Methodology, EIT Manufacturing carries out a risk assessment (risk logs) including an EIT Manufacturing risk register, to be reviewed once a year. This risk assessment exercise contains a dedicated part 'EIT Manufacturing Anti-Fraud Risk' which is mainly focused on the risk of Fraud in the different processes taking place within the EIT Manufacturing.

The Fraud risk assessment is conducted once a year. It combines Fraud risks identified in the different processes in place within all departments and Fraud risks in those functions categorized as sensitive. The Fraud risk assessment is mainly focused on the following areas of risk:

- Financial: use of (the) grant(s), payment, beneficiaries etc. ;
- Data security (IT tools/systems);
- Legal: contracts, tax regulation, financial transactions etc. ;

- Reputation: e-reputation, use of the branding, use of official names, partnership relationship ;
- Administrative procedures: recruitment, procurement policy, relationship with regulation bodies;
- Whistleblowing and overall strengthening of Fraud detection measures.

6. Objectives and actions

The strategic objectives of the Anti-Fraud Policy are driven by the EITM's priorities and values. EITM needs to set objectives to counter Fraud at all levels within and outside the EIT Manufacturing Community, i.e., the partnership, the Supervisory Board, the EIT Manufacturing staff and the external contractors (customer or suppliers).

These objectives aim at encompassing all stages of the Anti-Fraud cycle: prevention, detection, investigation, recovery and sanction. Whilst prevention should remain one of the most important objectives of the Anti-Fraud Strategy, it is deemed appropriate to focus also on detection, in particular by encouraging internal reporting of any possible case of fraud as well as proactive random verifications in some areas, whilst reinforcing the EIT Manufacturing monitoring practices in the EIT Manufacturing's operational activities.

In order to address the identified Fraud risks in the preceding section, the following strategic objectives have been defined:

- Maintain and enhance an anti-fraud culture underpinned by high level of awareness, integrity impartiality and transparency within the EIT Manufacturing community.
- Enhance the Manufacturing's controls over the financing, monitoring and evaluation of KIC EIT Manufacturing activities.
- Strengthen measures and focus effort on fraud-risk mitigation in identified areas of EIT Manufacturing as an organisation, i.e. IT security, procurement and conflicts of interest ('CoI').
- Train people to improve their sensibility to the risk of Fraud.

7. Functions addressing and preventing Fraud

Addressing and mitigating properly the risk of Fraud is a key aspect of sound management. Whilst it is essential that all EIT Manufacturing staff members should have a clear understanding of EIT Manufacturing's Anti-Fraud Strategy and of its action plan, EIT Manufacturing has at its disposal the following functions engaged in addressing and preventing fraud:

The Anti-Fraud Committee - consisting of the IT Manager, the Internal Auditor and the Head of Legal - is in charge of ensuring the KIC EIT Manufacturing's integrity and should be aware of any alert or any suspicion of Fraud within the KIC or with any third party in relation to the KIC EIT Manufacturing.

The AF SPOC is the main interlocutor with EIT and is in charge of ensuring that the policy and documents are available for all. The AF SPOC is appointed by the COO and report to him in case of any question. The AF SPOC is part of the Operations team.

The Anti-Fraud Committee can be contacted by any employee of EIT Manufacturing or any third parties if they need support in understanding the ins and outs of the policy and if they need any guidance to raise an alert.

Every employee is responsible for raising the alert when appropriate and should not hide any relevant information or delay the alert when the event occurs. Such behaviour could be interpreting as complicity and lead to sanctions taken at the KIC level.

The AF SPOC is the main interlocutor with EIT and is in charge of ensuring that the policy and documents are available for all. The AF SPOC is appointed by the COO and aligns with the Anti-Fraud Committee in case of any question. The AF SPOC is part of the Operations team.

8. Reporting allegation of Fraud

EIT Manufacturing staff members should be aware of the potential for Fraud and should report any reasonably suspected Fraud.

This Anti-Fraud Policy also applies to the members of the Supervisory Board, the Partner Assembly and any third parties legally bound by an agreement.

A person reporting Fraud shall be protected under the terms and conditions of the EIT Manufacturing Whistleblowing Policy.

If there is any suspicion of Fraud the witness should take note by written notice of all pertinent details, including what was said or done by whom, the date, the time, the location and the names of the individual(s) involved.

→ In case of suspicion of Fraud please fill the enclosed file and send it directly to Anti-Fraud@eitmanufacturing.eu with the following subject : [Confidential] Alert of Fraud in EITM



Declaration%20of%20Fraud%20-%20Tem

In case the COO and/or CEO are also a witness in the alert of Fraud, then the highest decision body (Supervisory Board) will be involved in the assessment.

9. Review and Monitoring

This Anti-Fraud Policy will be reviewed once a year by the Anti-Fraud Committee. It will aim to update the risk register in accordance with developments in best practice and legislative requirements and input reported by the AF SPOC, to ensure that all risks are identified, and an action plan is available for every situation.

Once a year a fraud awareness training will be carried out for EIT Manufacturing employees. This training will also be part of the onboarding process and must be validated prior to the end of the trial period. This training is a preventative measure that helps employees mitigate this risk by operating with a sceptical mindset when reviewing and processing transactions, thereby increasing the likelihood of identifying potential fraud indicators – before the fraud is committed. The training will include the Anti-Fraud Policy itself, a slide deck to illustrate the risks and a questionnaire to consolidate and ensure the understanding of the ins and the outs of this policy.

The Anti-Fraud Policy will be available on the EIT Manufacturing website to ensure transparency so that any employee or third party can consult it.

10. Disciplinary actions

Once the Fraud has been identified and confirmed, the following actions should be taken :

Fraud by Employees:

immediate dismissal in accordance with the provisions of the applicable labour law.

Fraud by Partners:

Termination of the membership of EIT Manufacturing asbl and consequently exclusion from the Business Plan and KIC activities. Any relationship with this Partner would be forbidden in the future.

>>> In accordance with the article of the association the exclusion will be as follow:

The CEO, based on a decision taken by the competent body, will provide a written notice to the presumed defaulting Partner with a one (1) month deadline to remedy the said default. Within the one (1) month deadline, the presumed defaulting Partner may file written explanations and observations on the said default to the CEO. In the event that the default is irremediable or is not remedied within the above one (1) month, the competent body may decide to terminate the membership of the presumed defaulting Partner, including the effective date of such termination. The competent bodies for deciding upon termination of Partners are:

- *Fore Core Partners: The Partner Assembly, upon proposal of the Supervisory Board*

- For Associate Partners: The Supervisory Board upon proposal of the Management Team
- For Network Partners: the Management Team
- The decision of the competent body shall state the principal underlying reasons and shall be communicated by the Chairperson to the defaulting Member.

Fraud by Supervisory Board members:

immediate exclusion from the related body, in accordance with the provisions of the Statutes and the applicable law.

Fraud by Suppliers / customers:

Black-listed, any relationship will be forbidden in the future.

In all cases, in order to safeguard the interests of EIT Manufacturing, EIT Manufacturing can take necessary measures such as suspension of rights of the individuals concerned or other precautionary measures, including legal actions before competent court.

For the avoidance of doubt, In the case of alert raised against the same person / organization but not (yet) recognized by OLAF as a Fraud but deemed justified by EIT Manufacturing, internal sanctions can be taken to ensure the integrity of EIT Manufacturing. Such decision will be taken by the Supervisory Board or by the CEO for members of the staff.

11. Action Plan

Please describe the actions that will be taken by your entity in the course of implementation of the AF strategy.

Action Plan

AF Measure & Action	Responsible	Deliverable	Periodicity
Participation in the Anti-Fraud meeting with EIT	AF SPOC	NA	On request from EIT
Implementation of the action plan	AF SPOC and Internal Auditor	Regular updates of other policies to ensure the alignment among all the procedures within the Organization	Continuous improvement

Yearly campaign for AF prevention	AF SPOC, Internal Auditor and HR	Yearly campaign of training for all staff members to maintain a high awareness of the Fraud risk. Inclusion of fraud risks in the EITM Risk register kept by the Internal auditor.	Yearly
Coordination with EIT and other KICs to share the best practices in terms of prevention	AF SPOC	Improvement of the materials in place and if appropriate new materials / training / info session to be put in place	Once a year (minimum)
Ensure accessibility to the AF policy	AF SPOC	Last version of the policy should be published publicly. In case of any updates the policy is updated and published.	Daily basis
Continuous working on having secure and automate processes to guarantee a systematic approach	IT managers	IT ecosystem	Guarantees already in place in 2023 by IT

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