

**THE KRESGE FOUNDATION**  
**FRAUD REPORTING POLICY**  
*(revised March 2, 2015)*

The Kresge Foundation (the Foundation) is committed to promoting organizational behavior that provides for sound financial stewardship of the Foundation's assets. To further strengthen the general control environment by providing a mechanism to deal with fraud and other irregularities, this policy is established to facilitate the reporting of suspected fraud and other irregularities to the Foundation and provide guidelines for the conduct of investigations.

This policy applies to any irregularity experienced by grantees, consultants, vendors, contractors, and/or any other parties with a business relationship with the Foundation. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Foundation.

Management and the Board are committed to the detection and prevention of fraud, misappropriations, dishonesty, violations of law, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Fraud includes, but is not limited to, the following:

- Self-dealing, private inurement and private benefit (i.e., Foundation assets being used for personal gain or benefit).
- Supplying false or misleading information on the Foundation's financial documents, including the tax return.
- Providing false information to or withholding material information from the Foundation's auditors.
- Violations of the Conflict of Interest Policy.
- Payment for services or goods that are not rendered or delivered.
- Accepting or seeking anything of *material* value from grantees, contractors, vendors or persons providing services/materials to the Foundation. *Exception: Tokens of Appreciation as defined in the Conflict of Interest Policy.*

A complainant who discovers or suspects fraudulent, dishonest or illegal activity should immediately contact, as he or she deems appropriate, any member of the Foundation's Reporting Committee (Committee), which shall consist of the CEO, CFO, Director of Human Resources, Chair of the Board and Chair of the Audit Committee. The Chair of the Board and/or the CEO will coordinate all investigations with legal counsel, while keeping the full Committee informed. If the reported allegations are made against the Chair of the Board and/or the CEO, the investigation will be handled by any other member of the Committee and outside legal counsel. Any member of the Committee included in the complaint will be excused from deliberations. The complainant can make a report through any of the above individuals or by contacting [reportingcommittee@kresge.org](mailto:reportingcommittee@kresge.org). All correspondence to this address will be forwarded to the Chair of the Board for further review and/or action. The Chair of the Board, to the extent practicable, will treat all information received confidentially. Further, the Chair of the Board will acknowledge receipt of any complaint within five business days, providing notification to the complainant of the steps involved for the review, investigation and resolution of the complaint.

Members of the Committee will have free and unrestricted access to all Foundation records and premises. The Committee has the primary responsibility for the investigation of all suspected fraudulent, dishonest or illegal acts as defined in this policy. If the investigation substantiates that fraudulent, dishonest or illegal activities have occurred, the Committee will issue reports to appropriate personnel and, if appropriate, to the full Board of Trustees through the Audit Committee. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and the CEO, as will final decisions on disposition of the case. If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed for approval by management and/or the Board, and if it is determined appropriate, by outside counsel, before any such action is taken.

The Foundation will protect complainants as follows:

- The Foundation will use its best efforts to protect complainants against retaliation. Complaints will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Generally, this means that complaints will only be shared with those who have a need to know so that the Foundation can conduct an effective investigation, determine what action to take based on the results of any such investigation, and in appropriate cases, with law enforcement personnel. (Should disciplinary or legal action be taken against a person or persons as a result of a complaint, such persons may also have the right to know the identity of the complainant.)
- Grantees, consultants, vendors, contractors and/or any other parties of the Foundation may not retaliate against a complainant for informing management about an activity which that person believes to be fraudulent, dishonest or illegal with the intent or effect of adversely affecting the terms or conditions of the complainant's business relationship with the Foundation, including but not limited to, threats of physical harm, loss of work or grants, or impact on grants or fees. Complainants who believe that they have been retaliated against may file a written complaint with the CEO, CFO, or the Chair of the Audit Committee. Any complaint of retaliation will be promptly investigated and appropriate corrective measures taken if allegations of retaliation are substantiated.
- Protection from retaliation is not intended to prohibit the Foundation from taking action. It also does not extend to an individual who knowingly makes a false or misleading report of suspected violation or who provides knowingly false or misleading information in an investigation.

The Committee is responsible for the administration, interpretation, and application of this policy. Any revisions to the policy will be submitted to the Board for approval. The policy will be reviewed annually by the Audit Committee and revised as needed.