Introduction

The Kresge Foundation (the “Foundation”) strives to maintain the highest ethical standards in all policies, procedures, and programs and to avoid any conflicts of interest. The Foundation's business decisions will be made without bias or favoritism on the part of any of its employees. Each employee must comply with the policies and procedures of the Foundation, maintain the confidentiality of information required in the performance of his/her duties, and not use his/her position or knowledge acquired in carrying out job responsibilities and duties for personal gain or as a representative of other interests, public or private. It is not possible to develop a detailed set of rules that cover all circumstances. There is no
substitute for good judgment. The following considerations will, however, serve as a guide to the types of activity by an employee that might constitute a conflict of interest under this policy.

(Revised Dec. 11, 2019)

Purpose

All employees are expected to conduct their activities in such a way to avoid any appearance of, or actual, loss or embarrassment to the Foundation that might arise from improper influence on the Foundation’s business decisions or from disclosure or private use of information regarding the Foundation’s business affairs or plans. The purpose of this policy is to protect the interests of the Foundation, and provide guidelines for handling perceived, potential, or actual conflicts of interest.

Covered Persons

This policy applies to all employees of the Foundation. Please note: Foundation Trustees, Foundation Officers, and Foundation Board Committee Members are covered by a separate conflict of interest policy.

For the purposes of this policy, “Family” or “Family Member” is defined as any member of the employee’s family (spouse, parent, sibling, child, stepchild, grandparent, grandchild, great-grandchild, in-law, or domestic partner).

Covered Transactions
This policy covers any transactions that constitute a Conflict of Interest or a Duality of Interest, both of which are described below. Prior to taking any action that may constitute a possible conflict of interest or duality of interest, please discuss it with the Director of Human Resources, the Lead Attorney or the Chief Financial Officer; they are authorized to provide reliable interpretations of this policy.

**Actions That Are Considered a Conflict of Interest**

In general terms, a conflict of interest may occur if an outside interest or activity: (a) influences, appears to influence, or has the potential to influence the ability of an employee to exercise objectivity; or (b) impairs the ability of an employee to perform his or her responsibilities in the best interests of the Foundation.

An employee is considered to have a potential conflict of interest when:

- An employee or his/her family member has a financial interest (*examples may include employment by, a consultant to, a representative or agent for, a partner of, holding any office in, or deriving any income from, any entity doing or seeking to do business with the foundation*) conflicting with the interests of the foundation in any manner;
• An employee participates in managerial or consultation services to any outside interest that does business with the Foundation, except with the Foundation’s prior knowledge and consent;

• An employee receives compensation, gifts, favors, entertainment, or other similar benefits from any outside interest, which does, or seeks to do, business with the Foundation, of more than a nominal value ($100 per incident, $200 accumulated annually by the same vendor, grantee, or consultant).

• An employee discloses or uses confidential, special, or inside information of or about the Foundation or its clients, particularly for personal profit or advantage;

• An employee or his/her family member has an opportunity to influence the Foundation’s grantmaking, business, administrative, or other material decisions in a manner that leads to personal gain or advantage;

• An employee participates in deliberations or actions resulting in the purchase of goods or services from any organization in which an employee or his/her family member has a financial interest.

**Duality of Interest**

In general terms, a duality of interest may occur when an employee or his/her family member has a material interest — whether financial or otherwise — outside the Foundation that could influence the employee, or could be perceived as influencing the
employee, to act contrary to, or to compromise objectivity to, the interests of the Foundation or for the employee’s own personal benefit or that of a family member or a business associate.

As with conflict of interest situations, it is not possible to develop a detailed set of rules that cover all circumstances of duality of interest. An example of duality of interest would be when an employee or his/her family member is affiliated with an organization requesting a grant from the Foundation — such affiliation exists if the employee or his/her family member (a) is a director, trustee, officer, or employee of the organization; (b) has an unofficial role such as significant donor, or advisor to the organization; (c) has an employment relationship, or a consultative or advisory arrangement with the organization; or (d) receives a grant or stipend from the organization. See also the further discussion of Board Service and Grant Review below.

**Board Service**

Employees are permitted to serve, with or without compensation, on for-profit boards and not-for-profit boards.

Employees must seek advance approval from the Human Resources Department and the President/CEO of the Foundation prior to accepting any appointment of board service or prior to participating in community, charitable, and business activities that may or are likely to lead to a conflict of interest or a duality of interest.

Each employee serving on a board is expected to be alert to possible conflicts and dualities of interest and bring them to the attention of his or her supervisor and the director of Human Resources. If, in
the sole discretion of the President/CEO of the Foundation, the conflict would compromise the Foundation’s interests, the employee will be asked to resign from the board.

Employees should refer to the Addendum attached to this policy for additional guidance regarding board service and grant review and approval.

**Grant Review**

If a Foundation employee or his/her family member serves on a board of an organization that has or is seeking a grant from the Foundation, or if an employee or his/her family member serves as a representative of an organization that has or is seeking a grant from the Foundation, then during the Foundation’s process of reviewing or managing a prospective or actual grant, the Foundation employee may only provide information to inform a discussion about the merits of that application or active grant.

During the employee’s outside board activities, the Foundation employee must not be present during deliberations and must also refrain from voting on or exercising decision-making authority over transactions with a Foundation grant application.

If an employee’s family member manages a prospective or actual Foundation grant on behalf of a grantee organization, then the Foundation employee related to that family member may not manage the grant on behalf of the Foundation.

**Disclosure**
In connection with any perceived, actual, or potential conflict of interest or duality of interest, an employee must disclose the existence of his or her financial interest or affiliation and all material facts to the Foundation by updating the Foundation’s disclosure form on an annual basis and as soon as a new affiliation begins and shall provide additional information as requested. All information so disclosed will be treated on a confidential basis, except to the extent necessary for the protection of the interests of the Foundation. Former affiliations should be disclosed for three years after the term of service.

**Violations of the Policy**

Violation of this policy, or incorrect or incomplete responses to the disclosure requirement, will be treated as a serious misconduct. Please notify the Human Resources Department should you have a question or wish to report a perceived or actual conflict of interest or duality of interest. The Foundation will consider the following guidelines:
• The Human Resources Department shall investigate the facts and seek legal advice as necessary to fully investigate perceived, potential, or actual conflicts of interest or duality of interest and present recommendations to the President/CEO.

• If a supervisor has reasonable cause to believe that an employee has failed to disclose actual or potential conflicts of interest or duality of interest, the supervisor shall work with a committee of Foundation managers, appointed by the President/CEO, to conduct an investigation.

• If, after completing the investigation, the committee determines that the employee has in fact failed to disclose, it shall present recommendations to the President/CEO. The President/CEO may take appropriate action, up to and including termination of employment and other remedies provided by law.

Misinterpretation of this policy will not excuse a violation. An employee who discovers or suspects fraudulent activity should follow the procedures outlined in The Kresge Foundation’s Whistleblower Policy.

ADDENDUM TO EMPLOYEE CONFLICT OF INTEREST/DUALITY OF INTEREST POLICY

Delegated Authority
The purpose of this Addendum to the Foundation’s Employee Conflict of Interest/Duality of Interest Policy is to provide additional guidelines to employees regarding board service and where applicable, grant review and approval under the delegated authority guidelines.

Employees are required to comply with the Employee Conflict of Interest/Duality of Interest Policy in addition to this Addendum.

Allowable Board Service

Employees are permitted to serve, with or without compensation, on the following types of boards:

- **Funders’ Collaboratives**

  Funder’s collaboratives are organizations that pool funds and expertise for joint programmatic initiatives. A funder’s collaborative may be an independent 501(c)(3) organization under the Internal Revenue Service Code or administered through a fiscal agent classified under Section 501(c)(3) of the IRS Code. Employees may serve in a governing or advisory capacity or on a committee or working team. Examples of such collaboratives include:

  1. *Living Cities*
  2. *Convergence Partnership*

- **Philanthropic Networks and Affinity Groups**
Philanthropic networks and affinity groups are organizations whose members are grantmakers and/or nonprofits, and who are either issue- or interest-based or serve a broad philanthropic infrastructure. They may be independent 501(c)(3) organizations or administered through a fiscal agent under Section 501(c)(3). Employees may serve in a governing or advisory capacity or on a committee or working team. Examples of such networks and groups include:

1. *Funders Network for Smart Growth*

2. *Council on Foundations*

- **All Other Nonprofit Organizations**

*Kresge prospective or current grantee:* Employees may serve on a non-governance committee or working group of a current or prospective Foundation grantee, excluding any fundraising solicitation role.

Examples include:

1. *LISC Program Committee (non-governance)*

2. *Riverfront Conservancy Program Committee (non-governance)*
Non-Kresge Grantee or Non-prospective Kresge Grantee:
Employees may serve on boards of non-Kresge grantees or non-prospective Kresge grantee boards in a governing or advisory capacity or serve on a committee or a working team. If the organization applies for a grant with the foundation, the foundation program staff member must immediately relinquish his or her governing role.

Examples include:

1. *The Friends School in Detroit*

2. *First United Methodist Church of Birmingham*

Grant Review and Approval for Board Service in Transition or Approved Board Service

If a Foundation employee serves on a governing board of an organization that has or is seeking a grant from the Foundation, or if an employee or his or her family member serves as a representative of an organization that has or is seeking a grant from the Foundation, then the Foundation employee may *not* include this grant in his or her grant portfolio or provide information to inform a discussion about the merits of that application or active grant during the Foundation’s process of reviewing or managing a prospective or actual grant.

Employees must seek advance approval from the Human Resources Department and the President/Chief Executive Officer of the Foundation before accepting any appointment of board service or participating in community, charitable and business activities that may or are likely to lead to a conflict of interest or a duality of
interest. The President/CEO has the discretion to approve governing and nongoverning board appointments when he or she determines the role is essential to the Foundation's mission or effectiveness. If, in the sole discretion of the President/CEO of the Foundation, the conflict would compromise the Foundation’s interest, the employee will not be allowed to serve on the Board.

During the Foundation employee’s outside board activities, the employee must not be present during the relevant deliberations and must refrain from voting on or exercising decision-making authority over transactions with a Foundation grant application.

If an employee’s family member manages a prospective or actual Foundation grant on behalf of a grantee organization, then the Foundation employee related to that family member may not manage the grant on behalf of the Foundation.

**President/CEO Board Service and Grant Approval**

If the Foundation President/CEO serves on a governing board of an organization that has or is seeking a grant from the Foundation, then he or she will follow the grant-approval process and procedures established for all Board Trustees and will follow the same exceptions as defined within this policy.