

## **Policy: Conflict of Interest**

**Policy Title** Conflict of Interest

**Responsible Dept** Office of the President

**Content Owner** Susan Katz Froning

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### **Philosophy**

Working in an organization such as the Kellogg Foundation presents circumstances for potential or actual conflict of interest. Since we are concerned with protecting the integrity of the Foundation and the reputation of philanthropy worldwide, we wish to avoid actual conflicts of interest and fully disclose and manage any potential conflicts.

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### **Policy**

#### **A. SCOPE**

**This policy applies to all Foundation Trustees, Officers, Employees, and their immediate family members. It applies to all Foundation transactions involving grants, contracts, purchases, leases, investments, or other commitment of Foundation resources.**

#### **B. DEFINITIONS**

- 1. Trustees - Individuals who have been elected and are serving on the W.K. Kellogg Foundation Board of Trustees.**
- 2. Officers - Staff who have been elected and are serving in Officer positions defined in the Bylaws.**
- 3. Employees - Individuals who receive financial remuneration from the Foundation and are classified as at-will, term, full-time or part-time Employees. This term also includes visiting professionals for purposes of this policy only.**
- 4. Immediate Family Member - Defined as spouse or parents as well as children, grandchildren, and great grandchildren or their respective spouses.**
- 5. Conflict of Interest - A circumstance, real or perceived, where benefit has or could accrue to a Trustee, Officer, Employee, or their immediate family member, due to that individual's position, responsibility, or influence in the Foundation, or could create a real or perceived situation detrimental to the reputation and integrity of the Foundation. A Conflict of Interest is potential when any Foundation Trustee, Officer, Employee with decision-making authority over commitments and/or payments serves (or their immediate family member serves) at an organization as a trustee, director, officer, or employee or in any role that has decision-making authority over transactions involving grants, contracts, purchases, or leases including**

sitting on a committee with governing authority over the organization.

### **C. CONFLICT DISCLOSURE**

The Kellogg Foundation will not permit a conflict of interest. If a Trustee, Officer, or Employee becomes aware of a conflict of interest, real or potential, the conflict must be disclosed immediately so that the existence of a conflict can be determined, and safeguards to prevent a conflict of interest can be established. Questions about potential conflicts and interpretation should be discussed with either the Corporate Secretary/General Counsel or Senior VP/CFO & Treasurer. Exceptions may be granted when it is in the Foundation's business interest and approved by the President/CEO. The President/CEO reserves the right to make final determination as to whether a conflict exists.

### **D. SAFEGUARDS**

Grants and other transactions may occur between the Foundation and organizations, contractors, or persons which have a relationship with a Trustee, Officer, Employee, or immediate family member subject to the following principles and safeguards designed to prevent a conflict of interest while allowing fair and reasonable transactions:

1. A "presumption of conflict" is not created by the mere existence of a relationship with an outside organization, contractor, or person.
2. The material facts concerning a relationship or interest in a grant or other transaction where the potential for conflict has been determined shall be disclosed before approval. Proper safeguards shall be implemented in the decision-making process to ensure that a conflict of interest does not occur. The transaction shall be shown to be lawful, fair, and reasonable.
3. All funding documents for grants and grant commitment shall contain a statement disclosing potential conflicts and prohibiting payments to individuals identified to have a potential conflict.
4. A grant shall not financially benefit a Trustee, Officer, Employee, or member of their immediate family. Funds from a grant or contract shall not be used to pay WKKF employee salaries or other expenses. Contracts for services to immediate family members of a Trustee, Officer, or Employee must be disclosed and shown to be fair and reasonable for the services provided.
5. An Officer or Employee shall not serve as lead or co-lead program director for any grant, or manager of any contract to an organization where he or she or an immediate family member sits on a board or committee with governing authority over the organization, is an Employee of the organization, has an ownership interest, or has other actual conflicts.
6. An Officer or Employee shall not make the final decision on a grant, contract, or other transaction where he/she has a potential conflict of interest.
7. A Trustee shall refrain from voting on any grant or other transaction where a conflict of interest exists. Such Trustee may discuss the grant or transaction with other Trustees, Officers, and Employees, and may be counted in determining a quorum. However, they shall leave the meeting during the vote on the transaction.
8. Trustees, Officers, and Employees shall not receive remuneration or expense reimbursement for any activity, or a gift valued at more than \$100

from any organization or individual that has, or there is a reasonable likelihood will be, a party to a transaction with the Foundation. This prohibition does not extend to receiving personal gifts that can be demonstrated not to relate to Foundation business, such as birthday gifts from a friend. Where it is appropriate to receive a gift on behalf of the Foundation valued at over \$100, the gift shall be given to the Foundation. Exceptions can be made by the Board of Trustees.

9. Officers and Employees, during their employment, shall not receive fees, royalties, or other benefits from articles, books, products, or other work which is based upon and a result of employment at the Foundation. Products and publications developed during employment shall be considered property of the foundation. The Foundation, at its discretion, may direct the royalties, fees, or other income to other eligible charitable organizations which may be recommended by the Employee. A written memorandum of understanding will be prepared with an Employee prior to any publication or product development agreements. An Employee may retain royalties or other income received from works or products completed prior to employment with the Foundation.

#### **E. AFFILIATIONS AND DECLARATIONS**

1. At the time of appointment or employment, Trustees, Officers, and all Employees shall sign a Conflict of Interest Certificate of Compliance and shall annually reaffirm the Conflict of Interest statement.
2. All Trustees, Officers, and Employees all shall annually declare any affiliations with organizations, contractors, or persons which could create a conflict of interest. It is the responsibility of the Trustee, Officer, or Employee to ensure that the declaration of affiliations is kept current.
3. Officers and Trustees may be required to file additional statements to comply with governmental requirements or ethical standards adopted by the Foundation.
4. Affiliations with organizations and contractors are documented in the WKKF Contact database.

#### **F. VIOLATIONS**

1. A violation of this policy may result in disciplinary action up to and including dismissal from the Foundation.
2. Any Employee who believes the Conflict of Interest policy has been violated is obligated to promptly report their concerns to the Director of Human Resources and/or the Senior VP/CFO& Treasurer. If an employee feels uncomfortable reporting to the aforementioned, he/she should disclose the concerns to General Counsel.
3. All matters related to this policy and its relation to Trustees, shall be handled through the Corporate Secretary/General Counsel's Office.
4. All reports of a suspected violation will be investigated and acted upon in confidence to the extent possible following the policy and procedures described in the Reporting Unethical or Illegal Conduct Policy.
5. The Foundation will not tolerate retaliation against any Employee who makes a good faith report or who cooperates with the investigation of a complaint.

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## Procedures

### PROCEDURES FOR DISCLOSURE - NEW STAFF AND TRUSTEES

1. HR is responsible to ensure that all new Employees review the Conflict of Interest and the Code of Ethics Policies and sign a Conflict of Interest and Code of Ethics Certification of Compliance and Affiliation Disclosure Form; staff with decision-making authority will additionally disclose their affiliations.
2. Assistant to the President/CEO is responsible to ensure all new Board members review the Conflict of Interest and the Code of Ethics Policies, sign a Conflict of Interest and the Code of Ethics Certification of Compliance and Affiliation Disclosure Form, including disclosure of affiliations.
3. New Trustees are responsible for sending completed forms to the Assistant to the President/CEO. New Employees are responsible for sending completed forms to Program Services.
4. Assistant to the President/CEO is responsible to review Trustee forms and enter the affiliations as contacts in the grantmaking system and then forward to Program Services.
5. Program Services is responsible to review all forms and validate qualifying affiliations in Encompass.
6. Trustee-signed forms are sent to the Assistant to the President/CEO for filing in Trustee files for auditing purposes. Staff-signed forms are sent to HR for filing in employee files for auditing purposes.

### PROCEDURES FOR DISCLOSURE - ANNUAL PROCESS

1. HR is responsible to send Trustees and Employees with decision-making authority an Annual Memo and Conflict of Interest and Code of Ethics Certification of Compliance and Affiliation Disclosure Form for signature and updating of affiliations.
2. Trustees are responsible to update their affiliations, sign and date the Certification of Compliance and Affiliation Disclosure Form, and return with updated affiliations to Assistant to the President/CEO.
3. Employees are responsible to update their affiliations, sign and date the Certification of Compliance and Affiliation Disclosure Form, and return with updated affiliations to Program Services.
4. Assistant to the President/CEO is responsible to review Trustee forms, update affiliation contacts, and forward to Program Services.
5. Program Services is responsible to review all forms, validate qualifying affiliations in Encompass, and mark former affiliations as Inactive.
6. Trustee-signed forms are sent to the Assistant to the President/CEO for filing in Trustee files for Audit and IRS access. Staff-signed forms are sent to HR for filing in employee files for Audit and IRS access.

### QUESTIONS AND REPORTING:

The Corporate Secretary/General Counsel and the Senior VP/ CFO& Treasurer are ultimately responsible for enforcing the Conflict of Interest and related policies. If any Employee has a concern about these policies, he/she should direct such concerns to one of them.

Staff should review additional policies for specific situations such as Reporting Unethical or Illegal Conduct, Travel, Publications, and Nepotism.

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**Tools**  
(Checklists, Forms) [Conflict of Interest & Affiliation Form--New](#)

**References**  
(Guidelines, Other) [Conflict of Interest Affiliation Criteria](#)

**Training Modules**  
(How To)

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**Applies To - Region** All Offices

**Applies To - Personnel Type** All Staff

**Exceptions**

**Who to Call** [Annie C. Sherzer](#)

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**Legal Reason**

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**Executive Council Approved** 4/21/2005

**Related Policies**

- [Disclaimer](#)
- [At-Will Statement and Term Appointments](#)
- [Business Meals](#)
- [Code of Ethics](#)
- [Contracts](#)
- [Equal Employment Opportunity](#)
- [Leaves of Absence - Professional Study Leave](#)
- [Nepotism](#)
- [PROG - Trustee Mini-Grants](#)
- [Reporting Unethical or Illegal Conduct \(Whistleblower Policy\)](#)
- [Supplemental Employment](#)
- [Travel, Expenses Paid by Other Organizations](#)