

Protocol Workshop Corporate Foundations

Conflicts of Interests - Where do they occur, how to deal with them?

Place/date	Credit Suisse Forum St. Peter, Zurich / September 5 2018, 12h15 – 17h00
Participants	See attached list of participants
Protocol	Stefanie Merkli, trainee SwissFoundations
Goes to	Participants and SwissFoundations office
attachments	List of participants, presentations

WELCOME AND INTRODUCTION

Stefan Rissi (SR) welcomes the participants and thanks the CS for hosting the workshop. He points out that corporate foundations are in some points quite different to other foundations. He invites everyone for an open discussion that is protected by the frame and SwissFoundations. He asks the participant to share problems, conflicts and stories. The word corporate foundation is a conflict in itself. Corporations often say, that there are no conflicts – that is not what he and the foundations experience in their work. He leads through the program of the workshop and hands the word to Curdin Duschletta (CD).

CONFLICTS OF INTERESTS – WHERE DO THEY OCCUR, HOW TO DEAL WITH THEM?

CD begins that there is always an interest in the work of foundations. But there might be even more conflicts in corporate foundations. He asks the participants to quickly talk around the table about potential conflicts of interests that could be arise in corporate foundations and to write them down.

Table 1:

- Outcome of the NGO starts to make revenues → impact on project selection
- Business/Corporation drives foundation activities
- Influence of the mother company by the board composition → influence of board members from the mother company

Table 2:

- Personal involvement of the business in projects
- Evaluation → finding failure by foundation but sounds bad to board/mother company
- Corporate and foundation with different interests
- Corporate reputation might influence foundation reputation
- Personal connection – different choice of projects
- Question: leader of foundation in the board of the corporation?
- Corporate foundations are not always able to challenge business
- Grantees sometimes conflicting business through project
- Business stakeholders as grantees
- Senior management views vs. corporate foundation strategy – client relationship, investment plans...
- Highest impact grantees don't want your money → distance to corporation

Table 3:

- Charity = client of business
- In client donation. Question of liability
- Business vs. charity. Eg. Geographic interests
- Subsidising courses for the business
- Netherlands: tax reduction with foundation for the corporation
- Giving money to insurance company vs. donating money → struggle at Swiss Re Foundation

Table 4:

- Collaboration company & foundation. Free services by business (eg. Marketing) → tax authority makes foundation pay those services
 - Expensive services – get out of it might conflict relationship with company
- Conflict with company network
- More money needed → ask for money at competitive companies
- Powerful people of business in foundation board?
- Cost payment of foundation – who pays revenues, travel costs, etc.
- Core values by foundation and company might differ
- Core areas in foundation close to core business?

CD: There is a huge amount of conflicts on different levels. The participants try to cluster the conflicts on 4 flip-charts. Each table gets one poster and tries to create a case. CD asks the participants to be creative, be potentially close to the reality and try to be concrete as possible. In the next stage, another group must solve the case.

In general, the solving of the case was difficult. Probably due to the complexity of the cases. On the other hand, the problem solving is a difficult project in general. There is the question between the one right and the other right solution.

Case 1:

Problem:

- Initiative to reduce plastic by the Evian foundation. They want to group other producers of plastic to a big initiative.

Solution:

- They need a shared vision: big plastic bottle companies trying to not produce plastic bottles anymore. It is to create a neutral platform that executes these visions. That platform should bring recommendation to companies. They could get there through think tank for example. The project has to be linked to a recycling system (eg. Glass bottles recycling)
- In general: Convince the company/business by creating a neutral platform that allows everybody to convince the respective companies.

CD: Competitive companies in the field that join forces to a bigger goal. It is to leave the box and to unify views for something bigger.

Case 2: real case by Stefan Rissi (earthquake in Lombok)

Problem:

- There is need for help because of a disaster in Indonesia. There is an NGO that should be supported by the government. The company itself has massive interest in the region. The foundation has different geographic interest.

Solution:

- Resourcing is maybe not the issue. Use money from the company – employee funding through foundation. That funding could be supported by the foundation and the corporation. It is important

- to stick to corporate foundation for common needs. In general, one could ask for more budget. There could be different budgets for different missions (common need & corporate reputation).
- Joanna Stefanska: There is another layer of conflict. The flow of money to the government is critical. Waste both streams by making people's life even worse. One should get out of it in general.
- ➔ CD: waste business money instead of foundation money!!! ➔ Kay Horsch: difficulty that company doesn't have more money to donate beside foundation
- ➔ Susanne Brandl: It is important to have global standard guideline / a policy by the business and the foundation.
- Christoph Schmocker: One could find an intermediate - eg. the Red cross and delegate the conflict in order not to be in-between parties.
- SR: The government is always involved. Government tries to give in its own agenda – that's the difficulty.
- ➔ CD: The guidelines and rules are needed. One needs to get them approved by people that might be difficult in the later process.

Case 3:

Problem:

- ➔ School feeding research project in Malawi. The corporate foundation of a company that produces beverages wants to fund a study about sugary beverages. A professor was chosen to do the study and is payed by the foundation. The charity's mission is to work for public health nutrition and against sugary drinks. The head of the board is from the company.

Solution:

- Push back because it is a red tape. There need to be principles with guidelines. It is important to address the problem openly. One could highlight the company's risk of bad reputation with the project and speak "corporation language" to them. Alternatives could be a) do it as business OR b) run project with sugar-free beverages. In addition, the professor that is supposed to do the study needs to be checked – liability, recent research...
- ➔ Transparency and Guidelines are the most important points here.

Case 4:

Problem:

- The Volvo foundation's board is composed of 4 top-management board members and 4 experts. The chair is held by a representative of the Volvo company. There is a suggestion for a project in Tibet (no-go area for the company). All top-management board members are against the project and all experts are for it. Tibet is a no-go for the company due to difficulties with China for the company.

Solution:

- The board setup is not ideal because it is composed of an even number of members. The chairman chooses at the end and he's from the company. A composition change might be helpful. An uneven number of board members makes sure, that the chair does not have to choose in the end. More experts than internals could be good. On the other side, the project itself shouldn't come to the board anyway. The mission-translation into projects should be done before handing the project to the board. Manuals and policies are needed.
- BE: Can the political discussion be avoided? One should only bring decisions to the board that have a chance of success.
- ➔ Christoph Schmocker: The case is a true story. What is more important? The project or the company? It's a question of how big the independence of the foundation is. The foundation should challenge the company and try out how big the independence is.
- CD: The board composition is a big conflict. Andreas Hünerwadel: It's a governance matter.

WORKING TOGETHER WITH EUROPEAN INITIATIVESZUSAMMENFASSUNG / DEFINITION HANDLUNGSFELDER

BE presents evpa. Is there a need for collaboration between SF and corporate initiatives? She thanks all the representatives of the evpa for coming. Martin Vogelsang (MV) and Steven Serneels (SS) are sharing their presentation which is attached to this minutes and uploaded in the member forum of SF website.

A short discussion clearly shows that there is an appetite of the foundations present to get access to evpa's knowledge and network and vice versa. SF and evpa see this as a mandate to evaluate common ground and to get back to Swiss Corporate Foundations.

BE thanks MV and SS once again to join the workshop and all their efforts.

HOW TO STRENGTHEN THE LEGITIMATION OF PRIVATE GRANT-MAKING FOUNDATIONS

BE presents the advocacy strategy which has been developed by SwissFoundations the last two years. Purpose of the initiative is to create positive awareness on the role and importance of Swiss grant-making foundations in the broader public and to foster liberal frameworks foundations can work in.

The presentation is attached to the minutes and uploaded in the member forum of SF website. The theme of communication and advocacy for a better understanding what public-benefit foundations can bring to society is seen as even more viral for Corporate Foundations.

WHAT'S NEXT?

RS opens the closing round and asks for input for next session. First he mentions the **3rd European Corporate Foundations Knowledge Exchange (ECFKE) which takes place on November 21/22 in Palermo**. The program is out and will be once again shared with the Swiss CF. It would be great to build a strong Swiss delegation of about 5 – 10 Corporate Foundations. Furthermore, BE will share an invitation to actively contribute with presentations, cases or moderations of sessions.

Topics for a next Swiss CF workshop:

- Dive deeper into conflict of interests = there is a lot more to share and exchange
- "Failure first" = a session on failures and learnings