

POLICY

Legal & Intellectual Property

Conflict of Interest

Purpose:

To avoid possible conflicts of interest. Everyone working for CIMMYT must observe at all time.

Code
LEG-002ENG-ALL

Replaces
ADM-002ENG-ALL

Valid As Of
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1. BACKGROUND

CIMMYT has no wish to interfere in anyone's outside activities. Nevertheless, employees may, through their dealings and relationships inside and/or outside the workplace, find themselves in circumstances where such involvement may create *an incentive or the appearance of an incentive to act other than in the best interests of CIMMYT*. Conflicts of interest may arise from a variety of situations, such as the employment of relatives in certain situations or the use of family businesses that may give the impression of nepotism.

2. PURPOSE

For these and other reasons described herein, CIMMYT has implemented a policy regarding possible conflicts of interest that everyone working for CIMMYT must observe at all times. The proper way to deal with such real and potential conflicts of interest is the focus of this policy, set forth below. If you have any questions after reading this policy, please feel free to contact your supervisor, Human Resources or the Legal Department for clarification.

3. OTHER RELEVANT POLICIES AND PROCEDURES

- 3.1 Standards of Conduct
- 3.2 Disciplinary Code
- 3.3 Communication by Employees of Concerns about Center Compliance
- 3.4 Intellectual Property/Intellectual Asset policy
- 3.5 Employment of authorized dependents within/outside CIMMYT applicable for IRS

4. SCOPE

The policy applies to all CIMMYT's staff members and consultants, as well as to suppliers, vendors, student fellows and research associates; and in general to any other person who may have significant independent decision making authority regarding the resources of CIMMYT.

5. DEFINITIONS

- 5.1 **Immediate family:** Spouse, child, parent, brother, sister, aunt, uncle, niece, nephew, in-laws (brother, sister, mother, father, daughter, son), cousins, wards, step relatives or any other member of employee's immediate household.
- 5.2 **Relative:** A relative of an employee includes members of the immediate family of the employee's spouse.
- 5.3 **Organization:** An organization means any person, firm, corporation, partnership or other entity, all directors, officers, employees, consultants, agents and representatives of any organization, and all parents and subsidiaries of the organization, and all organizations that have the same parent as that organization.
- 5.4 **Position of responsibility:** The person holds a position where he/she has the ability to make decisions or to influence a decision

6. POLICY

The CIMMYT Conflict of Interest Committee consist of CIMMYT's DDG for Research and Partnerships, DDG for Corporate Services, Compliance Officer, Directors of Human Resources and Audit (or their designees) reviews actual and potential conflicts of interest and determines whether or not a conflict exists, takes appropriate corrective action or authorizes exceptions (on a case-by-case basis). Each Program Director/Unit Head is responsible for enforcing the policy for his/her program/unit.

If a Program Director/ Unit Head has determined that a prima facie case of conflict of interest exists, the Program Director/ Unit Head must inform the Committee and provide all supporting information and/or documentation. As a result of the Committee's assessment, the individual employee will be advised in writing, signed by the DG or his/her representative to give up the conflicting interest or not to represent CIMMYT in situations where the conflict exists or might develop. The Committee may also advise the concerned employee to continue to represent CIMMYT, under the direction of his/her supervisor.

If an employee is involved in any situation described below under Conflict of Interest Situations, he/she must report the relevant details in a memorandum to his/her supervisor and/or to a member of the Conflict of Interest Committee. The supervisor and the Committee will treat all reports as confidential. The failure to report the situation or its relevant details may be considered cause for strict disciplinary action up to and including dismissal.

7. CONFLICT OF INTEREST SITUATIONS

The examples listed below do not constitute an all-inclusive list of potential/actual conflicts of interest. They are intended to illustrate the kinds of situations that might represent conflicts of interest. Individuals have a responsibility to report other potential conflicts of interest, even if they are not mentioned below (see the definitions at the beginning of this policy).

Conflicts of interest include but are not limited to the following:

- 7.1 Outside work:** This includes either employment or, in some cases, charitable work, if it would interfere with the employee's job performance or with CIMMYT's interests; if the employee serves in a position of responsibility for any competitor, donor, customer or supplier of CIMMYT (e.g., as an officer, director, employee, agent, shareholder, partner or consultant) without prior consent and approval from the Conflict of Interest Committee, or if the content of the work for the outside organization's activities or operations is actually or potentially in conflict with the employee's duties at CIMMYT or with CIMMYT's policy, goals, or business. The most common forms of conflict of interest are to do freelance work for a competitor or to use CIMMYT material, information or property for outside work. (See Work Product Ownership and Intellectual Property policies)
- 7.2 Outside directorships or memberships of Boards or Institutional Committees:** This includes board membership or similar positions with any company that is in competition with CIMMYT. There is no limit on the number of boards on which an employee may serve if CIMMYT has requested such employee to so serve. As a matter of policy, CIMMYT encourages its employees to serve on the boards of professional associations, public institutions or other not-for-profit organizations, so long as this service does not interfere with the employee's regular work.
- 7.3 Inside information:** Inside information, for purposes of this policy, consists of confidential information regarding the operations of CIMMYT or any organization with which CIMMYT has a current and valid Memo of Understanding or Agreement to which an employee has gained access through his or her business duties. Such information may be of crucial value to CIMMYT and should not be disclosed to outsiders without the approval of CIMMYT management (see refer to Intellectual Property/Intellectual Asset policy).
- 7.4 Gifts¹:** Acceptance by an employee or any member of the employee's Immediate Family of cash, gifts or services having a cumulative value greater than \$50 in any one year from, directly or indirectly, or on behalf of, any organization that competes with CIMMYT or with which CIMMYT does (or may reasonably be expected to do) business will violate CIMMYT's policy. Although reasonable

¹ NOTE: Frequently gifts are received by individuals who attend or are guest speakers at conferences, etc. Many times the true value is difficult to estimate or may be in excess of \$50. These gifts should be detailed and reported to the CIMMYT Employee Conflict of Interest Committee who will determine whether or not the recipient is allowed to keep the gift or if it should be disposed of in some other manner, such as made a part of CIMMYT's collection, become a donation, raffled off to employees, etc.

meals, drinks and entertainment are not subject to this restriction, no employee or any member of the employee's Immediate Family should accept such gifts, either in cash or in kind, such as meals, drinks or entertainment on a scale that might appear to obligate the recipient.

7.5 Holding an investment or ownership interest in a for-profit organization that is a competitor, supplier or customer: Ownership of securities/shares in any organization that is a for-profit competitor, customer, or supplier of CIMMYT and that is listed on any national securities exchange or traded in the over-the-counter market will violate CIMMYT's policy, if the employee and all members of the employee's Immediate Family in the aggregate own either:

- 1% or more of any class of securities of such organization, or
- Securities of such organization having an aggregate market value of greater than US\$25,000.

7.6 Holding an investment or ownership interest in a competitor that is not publicly traded: This includes any investment or any ownership interest, either direct or indirect, or employment by, or receipt of income from, any organization that is not publicly held and is a competitor, customer, or supplier of CIMMYT.

7.7 Influencing business transactions: This includes participating in, approving or attempting to influence others at CIMMYT to approve any transaction for goods, services, programming, program distribution, or other items if:

- The employee or a member of the employee's Immediate Family produced or participated in the creation, production or development of the goods, services, or programming, or
- The employee or Relative of the employee has an interest, ownership share, or holds an executive position in the organization with which CIMMYT has financial dealings.

Influencing business also includes participating in any personal business transaction where the transaction is so related to the employee's job function as to create the inference that the employee is trading upon influence that properly belongs to CIMMYT.

7.8 Financial transactions with donors, competitors, suppliers and customers: Derivation of any personal gain (other than compensation from CIMMYT) by an employee or any member of the employee's Immediate Family from any actions taken or not taken in the capacity of an CIMMYT employee or from any transaction between CIMMYT and any competitor, customer or supplier of CIMMYT.

7.9 Personal relationships: Any dating or physically intimate relationship between CIMMYT employees must be reported confidentially to the supervisor and/or Program Director and/or to the Director of Human Resources as a "special relationship".

Any dating or physically intimate relationship between an employee and an employee, agent or consultant of another organization if that organization or entity is a competitor, supplier or customer that could produce an adverse effect on CIMMYT's interests, goals or business or may produce any other real or apparent conflict of interest for the parties involved, must be reported to the Director, International Human Resources or higher level management.

CIMMYT employees are obligated to report those matters mentioned under this Section 7.9.

7.10 Relatives within the Center: It is not unusual for employees to have Relatives who work in other parts of the Center and, by and large, this does not result in conflict. Nevertheless, our policy specifically prohibits relatives to occupy positions under the same Program, Unit, Project or Location, unless duly justified and subject to the procedure mentioned below.

Additionally, it would be an inappropriate conflict for an employee to hire or seek to inappropriately influence another employee to hire a relative or member of the household. Any such situation should be reported immediately (please refer to policy No. 5.1 Employment of authorized dependents within/outside of CIMMYT applicable for IRS)

Disclosure of any Relative or Relatives within CIMMYT to the Director of Human Resources is mandatory.

7.11 Conflict of Interest arising from “Special Relationships” or Employment of Relatives within the Center. In those cases where a “special relationship” is reported to a supervisor, such supervisor shall in turn report it to the corresponding Program Director(s) and/or the Director of Human Resources.

Promptly upon receipt of such report by the corresponding Program Director(s) and/or the Director of Human Resources, such Program Director(s) and the Director of Human Resources shall meet to review and further investigate the facts of the specific case, if needed, and determined if there is a conflict of interest.

If upon further investigation and review of the case, the Program Director(s) and the Director of Human Resources unanimously determine that no conflict of interest is deemed to exist, no action shall be taken. The investigation and conclusion shall be promptly reported to the Compliance Officer for informational purposes.

If upon further investigation and review of the case, the Program Director(s) and the Director of Human Resources do not have a unanimous decision or if they determine that a conflict of interest is deemed to exist, the results of the investigation and review shall be promptly reported to the Conflict of Interest Committee through the Compliance Officer. The Conflict of Interest Committee shall review the merits of the case and make a recommendation to the Director of Human Resources and the corresponding Program Director(s), in order for them to undertake the appropriate course of action.

Such appropriate course of action shall consist of either moving a staff member from the position held at such time or terminating a staff member’s employment.

In case there is disagreement between the corresponding Program Director(s) and the Director of Human Resources about the appropriate course of action, the Director General shall have the final decision.

In any case, the final decision shall be reported to the Compliance Officer for informational purposes.

In determining whether a conflict of interest exists or not, the following criterion, along with any other criterion that is deemed appropriate by the corresponding Program Director(s) and the Human Resources Director, shall be followed:

The employees involved in the “special relationship” or with Relatives within CIMMYT, shall not:

- (i) Report to, or supervise the activities of, each other;
- (ii) Be under the supervision of the same immediate supervisor;
- (iii) Approve personal payments (approval of personal accounts) or business expenses of each other;
- (iv) Assess the performance or evaluate the work of each other;
- (v) Have any input whatsoever into the performance appraisal of each other; and
- (vi) Have any input whatsoever and/or influence and/or decision making whatsoever the compensation, benefits or any other employment related component of each other.

As mentioned under Sections 7.9 and 7.10 above, disclosure of a “special relationship” and/or of any Relative or Relatives within CIMMYT is mandatory. Failure to disclose shall be deemed a material omission subject to disciplinary actions including termination where appropriate. The Director of Human Resources will be the central repository for all such information, will insure that all such information be held in strictest confidence, and will only be disclosed on a need to know basis.

Temporary/Seasonal field employees (other than administrative employees), shall also be subject to comply with the disclosure of a “special relationship” and/or of any Relative or Relatives working within CIMMYT. Such disclosure shall be made through the corresponding supervisor to the Director of Human Resources. Only in these specific cases of Temporary/Seasonal field employees, the Director of Human Resources shall determine whether a conflict of interest exists, and the appropriate course of action, if any. The supervisor of the temporary/seasonal field employees shall be held accountable for the disclosure to the Director of Human Resources.

7.12 Relatives with an interest in a customer/supplier/competitor: It also could be a conflict if the employee, on behalf of CIMMYT, does business with any Customer/Competitor/Supplier Company in which she/he or a relative has a personal or financial interest or stake. Any such situation should be reported to CIMMYT’s Conflict of Interest Committee for appropriate action.

8. RESPONSIBILITIES OF COMMITTEE

The Conflict of Interest Committee will follow the process provided under Policy “9.4. Communication by Employees of Concerns about Center Compliance”.

9. WAIVERS AND EXCEPTIONS

Failure to comply with the provisions set forth in this policy shall be deemed a material omission subject to disciplinary actions, including termination where appropriate.

Any exception to this policy shall require express approval of the Conflict of Interest Committee. Special requirements or conditions not foreseen in this policy shall be submitted for consideration to the Conflict of Interest Committee, who may decide to consult the Director General for guidance.

10. EFFECTIVE DATE

CIMMYT reserves the right to revise the conditions of this policy at any time by giving notice via the Policy Update Procedure.

Prepared by	Reviewed by	Authorized by	Authorized by	Authorized by
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