Sample Policy on Conflicts of Interest

[NAME OF PARISH] (the “Parish”) is [a religious corporation organized under the Religious Corporations Law of the State of New York and] located in, and subject to, the Constitution and Canons of the Episcopal Diocese of New York and the laws of the State of New York. The members of the Vestry, clergy and key employees of the Parish have legal and fiduciary duties relating to the proper management and conflicts of interests and appearances of conflicts of interests.

It is the policy of the Parish that at all times and in all matters all Vestry members, clergy and key employees of the Parish:

1. Shall exercise utmost good faith in the performance of their duties and fulfillment of their responsibilities to the Parish;
2. Shall act in the best interest of the Parish;
3. Shall not use their positions with the Parish or any confidential information obtained therefrom to their personal advantage;
4. Shall not be influenced in the discharge of their duties to the Parish by any personal or financial interest or relationship they may have;
5. Shall disclose any possible conflict of interest they may have or might be perceived to have by others concerning any matter; and
6. Shall not take any part in any decision or attempt to influence any decision, whether directly or indirectly, relating to any matter for which they may have or might be perceived to have a conflict of interest.

# **“Conflict of Interest” defined.** For purposes of this Policy, an actual or possible “conflict of interest” arises in any transaction, agreement or other arrangement involving a Related Party and the Parish, which would or might ultimately benefit the Related Party’s personal interests to the detriment or compromise of the Parish’s interests. Conflicts of interest or appearances thereof are not limited to financial interests, but include affiliations or other divided loyalties which may influence a decision or appear to cause favoritism in a matter involving the Parish. All related party transactions, and actual or possible conflicts of interest shall be addressed and resolved in accordance with the procedures outlined below.

# **Definitions.**

## an “affiliate” of the Parish means any entity controlled by , in control of, or under common control with, the Parish;

## a “key employee” means any person who is in a position to exercise substantial influence over the affairs of the Parish;

## a “related party” means (i) any member of the Vestry, clergy member or key employee of the Parish or any affiliate of the Parish; (ii) any relative of any member of the Vestry, clergy member or key employee of the Parish or any affiliate of the Parish; or (iii) any entity in which any individual described in the foregoing clauses (i) and (ii) has a thirty-five percent or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent;

## a “related party transaction” means any transaction, agreement or any other arrangement in which a related party has a financial interest and in which the corporation or any affiliate of the corporation is a participant.

## a “relative” of an individual means his or her (i) spouse, ancestors, brothers or sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren; or (ii) domestic partner as defined in Section 2994-a of the New York State Public Health Law.

# **Procedures.**

In furtherance of this Policy, Vestry members, members of the clergy and key employees of the Parish shall disclose to the [Rector/Interim Rector/Priest-in-Charge] or a Warden each conflict of interest and shall also disclose in good faith the material facts concerning each related party transaction. The [Rector/Interim Rector/Priest-in-Charge] or Warden shall promptly notify the Vestry (including the [Rector/Interim Rector/Priest-in-Charge] or Wardens if any such persons are not the notifying parties) of such conflict of interest or related party transaction, as the case may be. All disclosures of actual or possible conflicts of interest or related party transactions shall be made in writing contemporaneously with the occurrence giving rise to such disclosure. All decisions regarding such related party transactions and conflicts of interest shall be undertaken only at meetings of the Vestry. A member of the Vestry involved or proposing to be involved in a related party transaction or who has or may have a conflict of interest may be counted for purposes of establishing a quorum. No person involved or proposing to be involved in a related party transaction or who has or may have a conflict of interest (each, an “Affected Person”) may be present at or participate in Vestry deliberation or vote on any matter giving rise to any conflict of interest or related party transaction; *provided* that, as set forth below, the Vestry may request that a related party present information concerning a related party transaction at a Vestry meeting prior to the commencement of deliberations or voting relating thereto. No Affected Person may make any attempt to influence improperly the deliberation or voting on any matter giving rise to any conflict of interest or related party transaction.

In the case of conflicts of interest, the existence and resolution of the conflict shall be documented in the Parish’s records, including in the minutes of any meeting at which the conflict was discussed or voted upon.

In the case of related party transactions, the Parish shall not enter into any such transaction unless the transaction is determined by the Vestry to be fair, reasonable and in the best interest of the Parish at the time of such determination.

With respect to any related party transaction involving the Parish and in which a related party has a substantial financial interest, the Vestry shall: (i) prior to entering into the transaction, consider alternative transactions to the extent available; (ii) approve the transaction by not less than a majority vote of the members present at the meeting; and (iii) contemporaneously document in writing the basis for Vestry approval, including its consideration of any alternative transactions. No related party may participate in deliberations or voting relating to the transaction in which such related party has an interest; *provided* that the Vestry may request that a related party present information concerning a related party transaction at a Vestry meeting prior to the commencement of deliberations or voting relating thereto.

# **Annual Statement.** Prior to the initial election of any Vestry member, and annually thereafter, such person shall complete, sign and submit to the [Secretary/Clerk] of the Parish a written statement in substantially the form attached to this Policy. The [Secretary/Clerk] of the Parish shall provide a copy of all completed statements to the[Rector/Interim Rector/Priest-in-Charge] or a Warden. The foregoing shall also apply to each member of the clergy and key employee prior to the effective date of his or her employment.

# **Confidentiality.** Each Vestry member, member of the clergy and key employee shall exercise care not to disclose confidential information acquired in connection with disclosures of actual or potential conflicts of interests or related party transactions, which might be adverse to the interests of the Parish, and shall not utilize any information relating to such disclosures for their personal profit or advantage of themselves or their related parties.

# **Enforcement of the Policy.** Any Vestry member, member of the clergy or key employee who knowingly violates this Policy is subject to censure, suspension, removal or dismissal. In the event of an unknowing violation of the policy, the [Rector/Interim Rector/Priest-in-Charge or] Wardens may take such steps as is deemed necessary to address the violation consistent with the spirit of this Policy.

Statement

1. As a [member of the Vestry/clergy member/key employee] of [NAME OF PARISH] (the “Parish”), I acknowledge receipt of the attached Policy on Conflict of Interest and undertake to comply with it.
2. I do not currently have any conflict of interest, or circumstance that might be perceived to be a conflict of interest, as described in the Statement, or any situation referred to in the Statement, including any transaction in which the Parish is a participant and in which I might have a conflicting interest, except for the following:

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1. To the best of my knowledge, the following entities of which I am an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee have a relationship with the Parish:

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1. If any matter comes before the Parish, where a relationship exists of the type described in the Statement, I will immediately disclose the relationship to the [Rector/Interim Rector/Priest-in-Charge or] a Warden and withdraw from any meeting during deliberation and voting on the matter.

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name (printed): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

***Please sign and return this Statement to the*** [Rector/Interim Rector/Priest-in-Charge or] a Warden ***, keeping a copy of it and the Policy for your records.***