

# The Fund for the Diaconate Of The Episcopal Church

## CONFLICT OF INTEREST POLICY

1. For purposes of this conflict of interest policy, the following terms will have the following meanings:
  - a. “Related Party” means a director, officer, or Key Person of the Corporation, and his or her Family Members and Related Entities.
  - b. “Key Person” means any person, other than a director or officer, whether or not an employee of the corporation, who
    - i. (i) has responsibilities, or exercises powers or influence over the corporation as a whole similar to the responsibilities, powers, or influence of directors and officers;
    - ii. (ii) manages the Corporation, or a segment of the Corporation that represents a substantial portion of the activities, assets, income or expenses of the Corporation; or
    - iii. (iii) alone or with others controls or determines a substantial portion of the Corporation's capital expenditures or operating budget.
  - c. “Family Member” means, with respect to a person, his or her spouse or domestic partner, ancestors, siblings and their spouses and domestic partners, and lineal descendants and their spouses and domestic partners.
  - d. “Related Entity” means, with respect to a person, any entity in which he or she and/or his or her Family Members, have a thirty-five percent or greater ownership interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest of more than five percent.
2. Any transaction, agreement or arrangement in which a Related Party has a financial interest and in which the Corporation is a participant (each, a “Conflict Transaction”) will be approved by the Board of Directors only after the Board of Directors determines that the transaction, agreement, or arrangement is fair, reasonable, and in the best interests of the Corporation.
3. Any potential conflict of interest which could result in a direct or indirect financial or personal benefit to a Related Party must be disclosed in good faith or known to the Board of Directors. All questions as to whether a Related Party has a financial interest in a transaction, agreement or arrangement will be resolved by a vote of the Board of Directors in which the interested individual, if a director, may not vote. The Board of Directors may, in its sole discretion, elect to treat any interest, relationship, transaction, or other potential conflict of interest disclosed by any director, officer, or Key Person of the Corporation as a Conflict

Transaction subject to the terms of this Conflict of Interest Policy.

4. When a director, officer, or Key Person of the Corporation becomes aware that he or she (or his or her Family Members or Related Entities) has an interest in a Conflict Transaction:

- a. he or she will immediately disclose the existence and material facts of the interest in the Conflict Transaction to the Board of Directors;
- b. he or she may participate in the information-gathering stage of the Board of Directors' discussion but will retire from the room in which the Board of Directors is meeting and will not participate in the final deliberation or decision regarding such Conflict Transaction; and
- c. he or she may not vote on such Conflict Transaction and will refrain from improperly influencing the deliberation or vote on the Conflict Transaction.

5. In determining whether to approve a Conflict Transaction in which a Related Party has a financial interest, the disinterested directors will take into account the restrictions regarding excess benefit transactions under Section 4958 of the Internal Revenue Code of 1986, as amended.

6. In determining whether to approve a Conflict Transaction in which a Related Party has a "substantial financial interest" (as such term is interpreted from time to time for purposes of Section 715 of the New York Not-for-Profit Corporation Law), the disinterested directors will, in addition to following the procedures set forth above:

- a. consider alternative transactions to the extent available;
- b. approve the Conflict Transaction by not less than a majority vote of the directors present at the meeting of the Board of Directors; and
- c. contemporaneously document in the meeting minutes the basis for the Board of Directors' approval of the Conflict Transaction, including its consideration of any alternative transactions.

7. The minutes of the meeting of the Board of Directors will:

- a. (i) reflect that the Related Party's interest in the Conflict Transaction was disclosed,
- b. (ii) state that the interested director, officer, or Key Person was not present during the final deliberation or vote of the Board of Directors on the Conflict Transaction,
- c. (iii) state that the interested individual, if a director, abstained from voting on the Conflict Transaction,

- d. (iv) describe the action taken by the Board of Directors relating to the Conflict Transaction (e.g., approval or disapproval), and
- e. (v) describe any consideration of alternative transactions, to the extent applicable, by the Board of Directors.

8. Each director, officer, or Key Person of the Corporation will furnish a conflict of interest disclosure statement (a “Disclosure Statement”) to the Secretary of the Corporation prior to his or her election to the Board of Directors or as an officer, or appointment or hiring as a Key Person, and thereafter on an annual basis. Each Disclosure Statement will identify, to the best of the knowledge of the director, officer, or Key Person,

(i) any entity of which the director, officer, or Key Person is an officer, director, trustee, member, owner (either as a sole proprietor or partner) or employee and with which the Corporation has a relationship and

(ii) any potential Conflict Transaction in which the director, officer, or Key Person or any of his or her respective Family Members or Related Entities is involved or expects to be involved. The Disclosure Statements will be provided to and reviewed annually by the Audit Committee to determine whether further action is required under this policy or is otherwise appropriate.

*Adopted x/x/2019*