

THE FUND FOR THE DIACONATE OF THE EPISCOPAL CHURCH

CONFLICT OF INTEREST POLICY

Article I - Purpose

The purpose of this conflict of interest policy is to protect the interest of The Fund for the Diaconate of The Episcopal Church (the "Corporation") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation. This policy is intended to supplement but not replace applicable state laws governing conflicts of interest applicable to corporations.

Article II - Definitions

- A. Interested Person. Any director, officer, or member of a committee with Board-delegated powers who has a direct or indirect Financial Interest, as defined below, is an Interested Person.
- B. Financial Interest. A person has a Financial Interest if the person has, directly or indirectly, through business, investment or family:
 - a. an ownership or investment in any entity with which the Corporation has a transaction or arrangement;
 - b. a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement;
 - c. or a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.
- C. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.
- D. A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a Financial Interest shall have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

Article III - Procedures

- A. *Duty to Disclose*. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence of his or her Financial Interest and

all material facts to the Directors and members of committees with Board - delegated powers considering the proposed transaction or arrangement.

- B. *Determining Whether a Conflict of Interest Exists.* After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, he or she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.
- C. *Procedures for Addressing the Conflict of Interest.*
- a. An Interested Person may make a presentation at the Board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that gives rise to the conflict of interest.
 - b. The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the Board or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
 - d. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.
- D. *Violations of the Conflicts of Interest Policy*
- A. If the Board or committee has reasonable cause to believe that an Interested Person has failed to disclose an actual or possible conflict of interest, it shall inform him/her of the basis for such belief and afford him/her an opportunity to explain the alleged failure to disclose.
 - B. If, after hearing the response of the Interested Person, and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the Interested Person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective actions.

Article IV - Records of Proceedings

The minutes of the Board and all committees with Board-delegated powers shall contain:

- a. the names of persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest; the nature of the Financial Interest; any action taken to determine whether a conflict of interest was present; and the Board's or committee's decision as to whether a conflict of interest in fact existed;
- b. the names of the persons who were present for discussions and votes relating to transaction or arrangement; the content of the discussion, including any alternatives to the proposed transaction or arrangement; and a record of any votes taken in connection therewith.

Article V - Compensation Committees

A voting member of any committee whose jurisdiction includes compensation matters, and who receives compensation directly or indirectly from the Corporation for services, is precluded from voting on matters pertaining to that member's compensation.

Article VI - Annual Statements

Each director, principal officer, and member of a committee with Board delegated powers shall annually sign a statement which affirms that such person has received a copy of the Conflicts of Interest Policy, has read and understands the policy, and has agreed to comply with the policy.

Approved 9/20/06