

Conflict of Interest Policy

The Board of Trustees (the Board) administers a synodically approved Conflict of Interest Policy for all members of denominational governing boards, inclusive of agencies and educational institutions. All board members are required to sign a conflict of interest declaration form at the beginning of their service on a particular board. The policy also requires notification to be given if any board member finds him/herself in a conflict of interest situation during a term of service. Each denominational agency and institution is required to implement this requirement at the first meeting of that Board following the meeting of synod. The full text of the Conflict of Interest Policy and a sample declaration form are as follows:

A. *Background*

1. The Board manages the business and affairs of the agencies and institutions.
2. Board members are fiduciaries who must hold a position of trust and exercise a duty of care, including a general obligation to avoid conflicts of interest.
3. Board members have the duty of guiding the agencies/institutions' affairs in such a manner as to achieve the objectives of the agency/institution. Board members have a fiduciary duty to act honestly, in good faith and in the best interests of the agency/institution, and to be loyal to the agency/institution.
4. Honesty is the first component of this fiduciary duty. A board member must disclose the entire truth and avoid fraudulent transactions or misleading representation.
5. Good faith is the second component of this fiduciary duty. Board members must pursue the best interests of the agency/institution. This means that a board member may not pursue any improper purpose while acting on behalf of the agency/institution.
6. The duty of loyalty and the avoidance of conflicts of interest mean that a board member must give loyalty to the agency/institution and must not subordinate the interests of the agency/institution to his or her personal interests.
7. Even when conflicts do not exist, board members should understand that board decisions may affect the business or affairs of a board member. The impact is generally financial, but even social or political gain may violate the fiduciary duty. Board members must avoid direct or indirect benefits to relatives, friends, and associates.

B. *Policy, purpose, and definition*

1. A board member must purposefully avoid conflicts of interest unless authorized under paragraphs C. 4 and C. 5. This policy statement applies to all board members. Recognizing that synod carefully selects board members relying upon the trust of nominating assemblies in their integrity, judgment, and courage, the board reasonably expects that no member would ever use his or her position for personal gain. However, to avoid any misunderstanding, this policy statement is promulgated and adopted.
2. A conflict of interest exists when a board member has a personal interest of any kind which has the potential to be inconsistent in any degree with the best interests of the

agency/institution. When a board member's personal interests, whether real or perceived, could supersede or conflict with his or her dedication to the best interests of the agency/institution, a conflict of interest arises. The test of a conflict of interest is not just whether a personal interest actually influences a board member, but whether circumstances lend themselves to such a possibility. Examples include:

- a. Conflicting financial interests
- b. Use of confidential information for personal gain
- c. Unauthorized disclosure of confidential information
- d. Use of agency/institutional time and facilities for personal purpose, or other activities.

3. Board members must recognize that the appearance of a conflict of interest, even when in fact it may not exist, can be damaging to the agency/institution and must be avoided.

C. Policy statement

1. A board member should resign his or her position if he or she reasonably could conclude that any kind of financial or personal obligation might improperly affect his or her judgment on behalf of the board or agency/institution. Each person must examine his or her own activities and those of his or her immediate family to ensure that no condition exists which creates a potential conflict of interest or a potentially embarrassing situation with respect to transactions between the board member and the agency/institution. Board members shall sign and complete the attached Conflict of Interest Statement.
2. Unless the provisions in paragraphs C.3 through C.5 are followed, a board member shall not solicit or be a party, directly or indirectly, to any financial or other opportunity between the agency/institution and:
 - a. Himself, herself; or a family member
 - b. Any firm (meaning co-partnership or other unincorporated association) of which he, she, or any family member is a partner, member, employee or agent;
 - c. Any not for profit organization of which he or she or member(s) of his or her immediate family is an officer, director, employee or agent;
 - d. Any profit corporation in which he or she is an officer, director, employee, agent or a stockholder owning more than one percent (1%) or the total outstanding stock of any class, if the stock is not listed on a stock exchange, or stock with a present total value in excess of \$25,000 if the stock is listed on a stock exchange;
 - e. Any trust of which he or she is a grantor, beneficiary or trustee.
3. In the event a potential contract or arrangement which could present a conflict situation described in paragraph C. 2 is presented to the board, the affected board member shall:
 - a. Not participate in any way on behalf of the agency/institution in discussion or negotiation of the contract or arrangement, or in the approval of the contract or arrangement;
 - b. Promptly disclose in writing any financial, personal, or pecuniary interest in the contract or arrangement to the board or any other official body which has the power to approve the contact or arrangement, which disclosure shall be made a matter of record in the board's official proceeding.
4. A contract or arrangement referenced in Paragraph C. 3 must be approved by a vote of not less than two-thirds (2/3) of the full board, or of the approving body, in open session without the vote of the affected board member.

5. The board or other official body must disclose the following summary information in its official minutes as to contracts or arrangements referenced in paragraph C. 2:
 - a. The name of each party involved in the contract or arrangements;
 - b. The terms of the contract or arrangements, including duration, financial consideration between the parties, facilities or services of the entity included in the contract, and the nature and degree of assignment of employees of the agency/institution for fulfillment of the contract;
 - c. The nature of the board member's financial, personal, or pecuniary interest.

6. A board member shall not engage in a business transaction or arrangement in which the member may profit from his or her official position or authority, or benefit financially from confidential information which the member has obtained or may obtain by reason of such position or authority.

CONFLICT OF INTEREST STATEMENT

I have read and understand this Conflict of Interest and Disclosure Policy. There are no present or future potential conflicts of interests other than those listed below. I have and will continue to observe the Conflict of Interest and Disclosure Policy carefully.

Date

Signature

Printed Name

DISCLOSURE(S)

(Indicate none if applicable, otherwise
please give full explanation of the conflict.)

Approved December 1998