

## The Emanuel Synagogue Conflicts of Interest Policy

**Authority:** Constitution, Article VIII, Section 6 and Article IX, Section 6.

### **Article I Purpose**

The purpose of this Conflicts of Interest Policy (“Policy”) is to protect the interests of the Emanuel Synagogue (the “Synagogue”) when considering a transaction or arrangement that might benefit the financial or other personal interests of a Trustee, other Synagogue decision-maker or Employee. These situations may, but do not necessarily, give rise to a conflict of interest for the Synagogue, Trustee, Synagogue decision-maker and/or Employee. Therefore, this policy requires that Trustees, Synagogue decision-makers and Employees disclose to the Board of Trustees (the “Board”) that they have actual or potential financial or other personal interests and either recuse themselves from participating in discussions and decisions regarding transactions or arrangements when an actual or potential conflict of interest may exist or submit the identified conflict of interest to the Board of Trustees to determine the existence of an actual conflict. Compliance with this Policy will allow the Board to determine if an actual conflict of interest exists and, if so, take appropriate steps to assure that the Synagogue is acting in a fair and transparent manner. This Policy is intended to supplement but not replace any Connecticut and federal laws governing conflicts of interest applicable to the Synagogue. This Policy is also intended to ensure that the Synagogue continues to operate in accordance with its tax-exempt status.

### **Article II Definitions**

1. **Trustee.** The term “Trustee” refers to any member of the Board as defined in Article IX of the Constitution of the The Emanuel Synagogue, as amended from time to time (the “Constitution”).
2. **Employee.** The term “Employee” refers to a member of the “Professional Staff” of the Synagogue as defined in Article V of the Bylaws of The Emanuel Synagogue (the “Synagogue”), as amended from time to time (the “Bylaws”).
3. **Synagogue Decision-maker.** The term “Synagogue Decision-maker” refers to any member, employee or agent of the Synagogue who is, as a representative of the Synagogue in a position to make or influence decisions concerning a proposed transaction or arrangement between the Synagogue and another person or entity.
4. **Lay Leader.** The term “Lay Leader” refers to any non-trustee committee member.
5. **Interested Person.** An “Interested Person” is a Trustee, Synagogue Decision-maker, Lay Leader or Employee or any other person who has a known direct or

indirect financial or other personal interest, personally or through business, investment, or family, in a proposed transaction or arrangement with the Synagogue.

6. **Financial or personal interests** may include, but are not limited to, the following:

Example: An existing or potential ownership or investment interest in an entity involved in the proposed transaction or arrangement; or

Example: An existing or potential compensation arrangement with an entity or individual involved in the proposed transaction or arrangement.

A financial interest of the Interested Person, in a publicly traded entity shall not be a disclosable financial interest **unless**: (1) the Interested Person believes, in good faith, that a contractual engagement between the Synagogue and the publicly traded entity would have more than an insignificant impact on their financial interest; (2) the Interested Person believes, in good faith, regardless of the amount of their holdings, that they are unable to make an impartial decision concerning a contractual engagement between the Synagogue and the publicly traded entity because of their holdings; or (3) the Interested Person's financial interest in the publicly traded entity is required to be disclosed to the Securities and Exchange Commission pursuant to Title 17 of the Code of Federal Regulations, Section 240.13d-1(a) and following (currently essentially a 5% or more equity interest in a class of corporate stock shares).

7. **Family Member.** "Family Member" includes spouse, domestic partner, children, parents, siblings, grandparents and also includes in-laws and such relationships through marriage.

For the purposes of this section, entities or individuals may include, but are not limited to, contractors, suppliers, vendors, consultants, or professional advisors.

7. Conflict of Interest.

For purposes of this policy, any of the following circumstances shall be deemed to create a "Conflict of Interest":

a. Outside Interests.

- i. An agreement or transaction between the Synagogue and an Interested Person, Family Member or business associate.
- ii. An agreement or transaction between the Synagogue and an entity in which an Interested Person, Family Member or business associate has a financial interest or of which such person is a director, officer, agent,

partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative.

- b. Outside Activities.
  - i. An Interested Person competing with the Synagogue (e.g., a potential commercial space tenant, kitchen or party space, religious service provider, influencing fundraising efforts, etc.) in the rendering of services or in any other agreement or transaction with a third party.
  - ii. An Interested Person's having a financial interest in; or serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative of, or consultant to; an entity or individual that competes with the Synagogue in the provision of services or in any other agreement or transaction with a third party.
  - iii. The conflict of interest identified in b.i and b.ii shall only apply to the activity for which the Interested Person is competing with the Synagogue.
- c. Gifts, Gratuities and Entertainment. An Interested Person accepting gifts, entertainment, or other favors from any individual or entity that:
  - i. does or is seeking to do business with, or is a competitor of the Synagogue; or
  - ii. has received, is receiving, or is seeking to receive a grant, or to secure other financial commitments from the Synagogue; or
  - iii. under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Interested Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular transaction or activity of the Synagogue if the gift, gratuity or entertainment is consistent with the relationship with the Interested Person.

When in doubt about the existence of a financial or other personal interest in a potential transaction or arrangement, a Trustee, other Synagogue Decision-maker or Employee should err on the side of caution and assume they are an "Interested Person" required to submit a disclosure in accordance with Article III, Section 1 below. Disclosures of financial or other personal interests, including precautionary disclosures, only indicate that a potential conflict of interest may exist. The Board shall make an affirmative determination that an actual conflict of interest exists in accordance with Article III, Section 2 below.

### **Article III Procedures**

## 1. **Disclosure by an Interested Person**

An “Interested Person,” as soon as an actual or a potential conflict of interest is known (not exceeding 5 business days), shall either:

- a. advise that they are an “Interested Person” and have a conflict as to the proposed transaction and that they are recusing themselves from the decision-making process relating to the proposed transaction or
- b. advise that they are an “Interested Person” and that they may have a conflict of interest as to the proposed transaction and disclose all material facts relating to a financial or other personal interest in proposed transactions for Board determination of a conflict of interest.
- c. Disclosures made under this Policy should be submitted in writing (including email) to the President, or in the case of a disclosure by the President, to the President-Elect or, in the absence of a President-Elect, to the Immediate Past President.

## 2. **Board Determination of a Conflict of Interest Related to a Proposed Transaction or Arrangement**

**2.1 Board Meeting.** The disclosure submitted by an Interested Person pursuant to Section 1 above shall be discussed only during an executive session of the Board. During the executive session, the President (or President-Elect as appropriate) shall make available to the Board such disclosure submitted by an Interested Person pursuant to Section 1.b. above. A brief description of the disclosure shall be provided to the Board as an agenda item prior to the Board meeting in which the disclosure will be discussed. Potentially sensitive information and legally protected information shall be excluded from such brief description. An appropriate vote and recording of its outcome shall be taken and documented thereafter.

**2.2 Participation by Interested Person.** The Board may, in its discretion, invite an “Interested Person” to the meeting to review their disclosure and/or answer questions from the disinterested Trustees. However, the “Interested Person” shall not be present for or participate in the Board’s subsequent discussion or votes, or otherwise attempt to influence the subsequent discussion or votes, regarding (i) the existence of an actual conflict of interest, (ii) actions intended to address the conflict of interest, or (iii) approval or disapproval of the proposed transaction or arrangement. The foregoing prohibition requires that a Trustee otherwise entitled to attend and/or vote at the Board meeting pursuant to the Bylaws recuse themselves from participating in such subsequent discussions or votes relating to a disclosure made by that Trustee.

**2.3 Professional Advisors.** The Board may, in its discretion, invite outside professional advisors, including but not limited to attorneys, accountants and/or tax

advisors who are acting in these capacities for the Board, to participate in the review and discussion of a disclosure made pursuant to this Policy.

**2.4 Affirmative Determination by the Board.** Following review and discussion of a disclosure, including any discussions the Board may have with the Interested Party and/or professional advisors, the Board shall affirmatively determine, based on the material facts and other considerations relied upon by the Board in the exercise of its business judgement, whether a conflict of interest exists due to the financial and/or other personal interest of the “Interested Party” in the proposed transaction or arrangement.

### **3. Addressing a Conflict of Interest**

**3.1 Disapproval; Additional Actions.** If the Board affirmatively determines that a Conflict of Interest exists regarding a proposed transaction or arrangement, then the Board may, in the exercise of its business judgement and fiduciary obligations, (i) disapprove of the transaction or arrangement, (ii) for transactions or arrangements with a total value equal to or greater than \$2,500, investigate whether a “Reasonable Alternative” exists pursuant to Sections 3.2, or (iii) for transactions or arrangements with a total value less than \$2,500, proceed directly to a “Best Interests” determination pursuant to Section 3.3 below.

**3.2 Investigation of Reasonable Alternatives.** The Board may appoint a special committee of three disinterested Trustees to investigate alternatives to the proposed transaction or arrangement and determine whether the Synagogue can obtain with reasonable efforts an equal or more advantageous transaction or arrangement from another entity or individual that would not give rise to a conflict of interest (a “Reasonable Alternative”). If the Board determines that a Reasonable Alternative exists, then the proposed transaction or arrangement that gives rise to the conflict of interest is prohibited by this Policy. However, if the Board determines that a Reasonable Alternative does not exist, then the Board may, in the exercise of its business judgment and fiduciary obligations, (i) disapprove of the proposed transaction or arrangement, or (ii) consider approving the proposed transaction or arrangement pursuant to Section 3.3. below.

**3.3 Best Interests Determination; Approval.** If an equal or more advantageous transaction or arrangement cannot be obtained with reasonable efforts under circumstances that do not give rise to a Conflict of Interest, then the Board may, in its discretion, proceed to determine by a majority vote of the disinterested trustees whether the proposed transaction or arrangement giving rise to the conflict of interest is each of (i) in the best interests of the Synagogue, (ii) for the Synagogue’s own benefit, and (iii) on fair and reasonable terms. Thereafter, consistent with the foregoing determinations, the Board may, by a separate vote of the disinterested trustees, approve the proposed transaction or arrangement.

### **4. Violations of the Conflicts of Interest Policy**

4.1 **Trustees.** A Trustee may be removed from the Board for violation of this Policy pursuant to and in accordance with the procedures set forth in Article X, Section 6 of the Constitution.

4.2 **Lay Leaders.** Non-trustee committee members may be immediately removed from their committee assignments for violations of this Policy by unilateral action by the President.

4.3 **Professional Staff.** A member of the Professional Staff as defined in Article V of the By-Laws of The Emanuel Synagogue (the "By-Laws") may be terminated for violation of this Policy upon a two-thirds (2/3) vote of the eligible voting members of the Board present at a duly called meeting, provided that notice of such proposed action shall have been sent to such Employee, via certified mail, at the address appearing in the records of the Synagogue and provided, further, that such Employee shall have been given an opportunity for a hearing before the Board. Violation of this Policy shall be grounds for dismissal to the extent permitted by any existing Employees' contractual relationship with the Synagogue and shall be included expressly as grounds for dismissal in all Employee contracts or contractual arrangements entered into after adoption of this Policy.

4.4 **Other Staff.** All paid employees not otherwise identified under section 4.3, violations of this Policy is just cause for discipline up to and including termination.

#### **Article IV Board Records**

The minutes of the Board shall include information sufficient to demonstrate compliance with this Policy, including without limitation, the following: (i) a copy of the written disclosure, redacted if appropriate; (ii) a summary of any additional material facts that the Board considered in making its determination regarding the existence of a conflict of interest; (iii) a description of the Board's investigation and findings, if any, regarding reasonable alternatives to the proposed transaction or arrangement, (iv) a summary of the Board's final determination, if any, to proceed with the proposed transaction or arrangement giving rise to the conflict of interest; (v) the names of all persons, including any professional advisors, that were present during any of the foregoing Board discussions, and (vi) a record of all votes taken in connection with the determination of whether a conflict of interest exists, the approval or disapproval of the proposed transaction or arrangement, and/or determinations regarding reasonable alternatives to the proposed transaction or arrangement. If a redacted copy of the Disclosure is employed, a sealed unredacted version shall be retained in a secure location and marked "Confidential." Limited electronic copies of Disclosures may be kept (i) to the extent archived pursuant to standard data protection policies, and (ii) for the purpose of evidencing and confirming compliance with this Policy, provided such copies may only be made available to an officer or Professional Staff member having a need to review the document in their official capacity.

## **Article V Annual Statements**

Each Trustee, Lay Leader, Professional Staff, Employee, and Other Staff covered by this Policy shall annually sign a statement which affirms such person has one or more of: (i) received and read a copy of the Policy, or (ii) received training provided by their supervisor regarding the Policy, (iii) received training at a meeting of the new Board no later than September 30 each year, and (iv) has otherwise been informed of each of their obligations under the Policy. All signed statements shall be provided to the Emanuel Secretary and retained among the Synagogue records at the Synagogue.

## **Article VI Annual Review**

The Board shall conduct an annual review of compliance with this Policy. The Board may, in its discretion, authorize a committee of the Board or retain an outside advisor to conduct the annual review. The use of an outside advisor shall not relieve the Board of its responsibility for ensuring that the annual review is conducted.