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## **POLICY: CONFLICTS OF INTEREST FOR BOARD OF DIRECTORS**

This policy applies to all officers and members of the Board of Directors of Catholic Charities, Inc. (“agency”).

Members of the Board of Directors and Officers have a clear fiduciary obligation to the agency in connection with their service in such capacities. At all times, they shall act in a manner consistent with such fiduciary obligations and shall exercise particular care that no detriment to the interests of the agency (or appearance of such detriment) may result from a conflict between Catholic Charities, Inc., interests and any personal interests which the individual Director or Officer may have.

A conflict of interest can arise whenever a Director or Officer or a member of his or her family: (1) has an existing or potential interest which impairs or might appear to impair his or her independent judgment in the discharge of the Director’s or Officer’s responsibilities to Catholic Charities, Inc. or (2) may receive a material benefit from knowledge of information which is confidential to Catholic Charities, Inc..

The “family” of a board member includes his or her (1) spouse, (2) siblings (whether whole or half-blood), (3) children (whether natural or adopted), and (4) the spouses of the persons listed in items (2) and (3).

It is sometimes difficult to define what might be considered a potential conflict, and persons who are covered by this Policy are encouraged to err on the side of disclosure. However, the following examples of potential conflicts of interest should be considered:

1. Official relationships<sup>1</sup> with any suppliers of any goods or services to the agency.
2. Official relationships<sup>1</sup> with any purchasers of any goods or services from the agency.
3. Official relationships<sup>1</sup> with any lenders to, or borrows from, the agency.
4. Family relationships with any situation where a person covered by this Policy, or his or her family member, could receive any material economic benefit directly or indirectly on account of a business transaction with the agency.

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<sup>1</sup> In this context, “official relationship” means serving as an officer, director, employee, partner, proprietor, or owner of 10% or more of the interest of an entity which does business with CATHOLIC CHARITIES.



### **Disclosing and Resolving Potential Conflicts**

If a Director or Officer believes that he or she may have a conflict of interest with respect to any particular transaction, he or she shall promptly and fully disclose the potential conflict to the Executive Director and the Chairperson of the Board.

- A. Director Matters. If the Executive Director and the Chairperson determine that there is a potential conflict with respect to a Director, the conflict shall be reported to the full Board, and the affected Director shall answer any questions about the matter that other Board members may have. If the particular transaction requires a vote of the Board, or of one of its committees, the affected Director shall be counted for purposes of a quorum, but he or she shall not vote on the matter, and shall not be present for the discussion or vote on the matter. The minutes shall reflect the fact that the Director did not vote on the matter and was not present for the discussion or vote on the matter.
- B. Officer Matters. If either the Executive Director or the Chairperson determines that there is a potential conflict concerning a particular transaction with respect to an Officer of the agency, they shall exercise their best judgment about the appropriate course to follow, which may include:
  - 1) the joint approval of the transaction by the Executive Director and Chairperson despite the conflict if they are reasonably certain that the interests of Catholic Charities, Inc. will be served thereby, or
  - 2) referral of the issue to legal counsel for advice, or
  - 3) referral of the issue to the appropriate committee of the Board of Directors or to the full Board for decision,

However, in all cases where either the Executive Director or the Chairperson determines that there is in fact a conflict of interest concerning a particular transaction involving an Officer of Catholic Charities, Inc., the full Board shall be notified of the resolution of the issue and the affected Officer shall answer any questions about the matter that Board members may have.

- C. Determination of No Conflict. If both the Executive Director and the Chairperson of the Board determine that there is no conflict of interest with respect to a particular transaction involving a Director or Officer of Catholic Charities, Inc. , they need not notify the Board of Directors, but they shall keep a record of the decision which shall be available to Board members upon request.



- a. Potential Conflict of Either Executive Director or Chairperson. In any case in which the potential conflict with respect to a particular transaction involves either the Executive Director or the Chairperson, the affected party shall notify the other, and the conflict shall then be reported to the full Board, and the Executive Director or Chairperson, as the case may be, shall answer any questions about the matter that other Board members may have. If the particular transaction requires a vote of the Board, or one of its committees, the Executive Director or Chairperson, as the case may be, shall be counted for purposes of a quorum, but he or she shall not vote on the matter and shall not be present for the discussion or vote on the matter. The Minutes shall reflect the fact that the Executive Director or Chairperson, as the case may be, did not vote on the matter and was not present for the discussion or vote on the matter.

### **Annual Statement Regarding Conflicts of Interest**

Each continuously serving member of the Board of Directors shall **annually** (no later than December 31) sign, date and submit a statement with the Chairperson of the Board setting forth any conflicts of interest which exist, or which might reasonably be expected to exist, within the upcoming year.

The statement shall disclose as fully as possible the nature of potential conflicts and the nature of the Director's or Officer's interest in the potential transactions. All of such statements shall be reviewed by the Executive Director and Chairperson in accordance with the procedures set forth above, and may be circulated to members of the Board of Directors. Each Director and each Officer shall agree to answer any questions about potential conflicts that Board members may have. The signed statement will be retained in the office of the Executive Director.