**ADATH SHALOM POLICY ON CONFLICT OF INTEREST**

**Purpose**

All directors, officers, and non-board members of committees of Adath Shalom (referred to collectively as *duty holders*) have a duty to ensure that the integrity of the decision-making processes of the board are maintained by ensuring that they free from conflict or potential conflict in their decision-making. It is inherent in a duty holder's fiduciary duty[[1]](#footnote-1) that conflicts of interest be avoided. It is important that all duty holders understand their obligations when a conflict of interest or potential conflict of interest arises.

**Application**

Applies to all duty holders and officers including ex officio duty holders, and all non-board members of committees.

“Officers” means officers elected by the membership including the Chair, the President or Co-Presidents, the Immediate Past President, a Vice-President, the Treasurer, the Financial Secretary, and the Secretary.

“Non-board members of committees” means all members of Adath Shalom who serve on any ad hoc or formal committee established by the board pursuant to the By-laws.

**Policy**

Duty holders shall avoid situations in which they may be in a position of conflict of interest or perceived conflict of interest. Section 7 of the By-laws of Adath Shalom contain provisions with respect to conflict of interest that must be adhered to. In addition to the By-laws, the process set out in this policy shall be followed when a conflict or potential conflict arises.

**Description of Conflict of Interest**

A conflict of interest arises in any situation where the duty of a duty holder to act solely in the best interests of Adath Shalom and to adhere to his or her fiduciary duties is compromised or impeded by any other interest, relationship or duty of the duty holder. A conflict of interest also includes circumstances where the duties of the duty holder to Adath Shalom are in conflict with other duties owed by the that person such that they are not able to fully discharge the fiduciary duties owed to Adath Shalom.

The situations in which potential conflict of interest may arise cannot be exhaustively set out. Conflicts generally arise in the following situations:

1. Transacting with Adath Shalom

When a duty holder transacts with Adath Shalom directly or indirectly or when a duty holder has a material direct or indirect interest in a transaction or contract with Adath Shalom.

1. Interest of a Relative

When Adath Shalom conducts business with any other party of which a relative or member of the household of a duty holder is a principal, officer or representative.

1. Gifts

When a duty holder or a member of the duty holder’s household or any other person or entity designated by the duty holder, accepts gifts, payments, services or anything else of more than a token or nominal value from a party with whom Adath Shalom may transact business for the purposes of influencing an act or decision of Adath Shalom.

1. Acting for an Improper Purpose

When duty holders exercise their powers motivated by self-interest or other improper purposes. Duty holders must act solely in the best interest of Adath Shalom.

5. Appropriation of Corporate Opportunity

When a duty holder diverts to his or her own use, an opportunity or advantage that belongs to Adath Shalom.

1. Duty to Disclose Information of Value to Adath Shalom

When duty holders fail to disclose information that is relevant to a vital aspect of Adath Sholom’s affairs.

7. Serving on Other Corporations

A duty holder may be in a position where there is a conflict of “duty and duty”. This may arise where the duty holder serves on the board of two organizations that are competing or transacting with one another.

**Process for Resolution of Conflicts and Addressing Breaches of Duty**

• Disclosure of Conflicts

A duty holder who is in a position of conflict or potential conflict shall immediately disclose such conflict to the President, Co-President or Vice-President. The disclosure shall be sufficient to disclose the nature and extent of the interest. Disclosure shall be made at the earliest possible time and, where possible, prior to any discussion and vote on the matter.

Where (i) a duty holder is not present at a meeting where a matter in which the duty holder has a conflict is first discussed and/or voted upon, or (ii) a conflict arises for a duty holder after a matter has been discussed but not yet voted upon by the board, or (iii) a duty holder becomes conflicted after a matter has been approved, the duty holder shall make the declaration of the conflict to the President, a Co-President, or the Vice-President as soon as possible and at the next meeting of the board.

If an officer becomes interested in a contract or transaction after it is made or entered into, the disclosure shall be made as soon as possible after the officer becomes so interested.

A duty holder or officer may make a general declaration of the duty holder's relationships and interests in entities or persons that give rise to conflicts.

• Abstain from Discussions

The duty holder or officer who has declared a conflict shall not be present during the discussion or vote in respect of the matter in which he or she has a conflict and shall not attempt in any way to influence the voting.

**Process for Resolution of Conflicts and Addressing Breaches of Duty**

A duty holder may be referred to the process outlined below in any of the following circumstances:

1. Circumstances for Referral

Where any duty holder believes that that duty holder or another duty holder

a. Has breached his or her duties to Adath Shalom;

b. Is in a position where there is a potential breach of duty to Adath Shalom;

c. Is in a situation of actual or potential conflict of interest; or

d. Has behaved or is likely to behave in a manner that is not consistent with the highest standards of trust and integrity and such behaviour may have an adverse impact on Adath Shalom.

2. Process for Resolution

The matter shall be referred to the following process:

a. Refer matter to President, Co-President, or Vice-President or if the matter concerns one of these officers to the Treasurer.

b. The officer to whom the matter is referred may (i) attempt to resolve the matter informally, or if resolution is not possible, they may (ii) refer the matter to the board.

d. A decision of the board by majority resolution shall be determinative of the matter.

It is recognized that if a conflict, or other matter referred cannot be resolved to the satisfaction of the board (by simple majority resolution) or if a breach of duty has occurred, a duty holder may be asked to resign or may be subject to removal pursuant to the By-laws and applicable legislation.

Perceived Conflicts

It is acknowledged that not all conflicts or potential conflicts may be satisfactorily resolved by strict compliance with the By-laws. There may be cases where the perception of a conflict of interest or breach of duty (even where no conflict exists or breach has occurred) may be harmful to Adath Shalom notwithstanding that there has been compliance with the By-laws. In such circumstances, the process set out in this policy for addressing conflicts and breaches of duty shall be followed.

It is recognized that the perception of conflict or breach of duty may be harmful to Adath Shalom even where no conflict exists or breach has occurred and it may be in the best interests of Adath Shalom that the duty holder be asked to resign.

**CONFLICTS ARISING FROM THE ACTIVITIES OF MEMBERS**

Members who are not duty holders do not have a fiduciary relationship to Adath Shalom. However, conflicts can arise between a member and Adath Shalom when a member improperly uses their membership in Adath Shalom to advance their personal or financial interests. To avoid these types of conflicts:

1. No member should use his access to members of the congregation, or membership in the congregation, to advance their financial or personal interests.
2. No member of the congregation will be employed by, or contract with, the congregation for the provision of professional or other services or the sale of goods. (This does not prevent congregants by offering their services at no cost to the congregation and to have their incidental cost reimbursed.)
3. Exceptions to 1 and 2 above can only be made by application of the concerned member and approval of the Board.

Amendment

This policy may be amended by the board.

Approval Date: April 7, 2021

Last Review Date:

1. The legal system recognizes many special relationships in which one party is required to look after the best interests of the other in the best possible way. These relationships are called fiduciary relationships. They include solicitor/client, physician/patient, priest/parishioner, parent/child, partner/partner, director/corporation and principal/agent relationships. Fiduciary relationships involve trust and confidence. They require that the fiduciary (i.e., the party entrusted with taking care of another party) acts honestly, in good faith, and strictly in the best interests of the other party (i.e., the beneficiary). [↑](#footnote-ref-1)