

**NEW YORK BLOOD CENTER, INC.  
BOARD OF TRUSTEES, OFFICERS AND KEY EMPLOYEES  
CONFLICT OF INTEREST AND CONFIDENTIALITY POLICY**

**ARTICLE I.**  
**PURPOSE**

Section 1.1 **Purpose.** The purpose of this Conflict of Interest and Confidentiality Policy (“**Policy**”) is to protect the interests of the New York Blood Center, Inc. and its affiliates (collectively referred to herein as “**NYBC**”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Trustee, officer or key employee of NYBC or other Interested Person (as defined below). An “Affiliate” shall mean an entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with NYBC.

The primary benefit of the Policy is that the Board and Board committees can make decisions in an objective manner without undue influence by Interested Persons. This Policy can help to assure that NYBC fulfills its charitable purposes, properly oversees the activities of its Trustees, officers and key employees and pays no more than reasonable compensation to NYBC executives and other highly compensated individuals. NYBC encourages individuals to avoid conflicts of interest in appearance and in fact. This Policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to not-for-profit and charitable corporations.

**ARTICLE II.**  
**DEFINITIONS**

Section 2.1 **Interested Person.** Any Trustee, officer or key employee who has a direct or indirect Financial Interest, as defined below (“**Interested Person**”). A “key employee” shall include any employee in a position to exercise substantial influence over the affairs of the corporation, as contemplated by standards set forth in the Internal Revenue Code and its associated regulations.

Section 2.2 **Financial Interest.** A person has a Financial Interest if the person, or a Relative has, directly or indirectly, through business, investment, an actual or potential ownership or investment interest in, or any compensation arrangement with, any entity with which NYBC (i) has a transaction or arrangement, (ii) is in negotiation for a transaction or arrangement or (iii) is likely to be in direct competition.

Under Article III, Section 3.2, a person who has a Financial Interest may have a conflict of interest only if the Board or a committee decides that a conflict of interest exists.

Section 2.3. **“Relative”** shall be defined as an individual’s spouse or domestic partner, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren and great-grandchildren, or the spouse or domestic partner of the individual’s brothers, sisters, children, grandchildren and great-grandchildren.

Section 2.4. **“Related Party”** shall mean:  
(a) any Trustee, officer or key employee of the corporation or an Affiliate;

- (b) any person who has responsibilities, or exercises powers or influence over the corporation as a whole similar to the responsibilities, powers, or influence of directors and officers; manages the corporation, or a segment of the corporation that represents a substantial portion of the activities, assets, income or expenses of the corporation; or alone or with others controls or determines a substantial portion of the corporation's capital expenditures or operating budget;
- (c) any Relative of any such individual; or
- (d) any entity in which such individual or Relative has a 35% or greater ownership or beneficial interest, or in the case of a partnership or professional corporation, a direct or indirect ownership in excess of 5%.

Section 2.5 **“Related Party Transaction”** shall mean any transaction, agreement or other arrangement in which a Related Party has a Financial Interest and in which the NYBC or an Affiliate is a participant.

Related Party Transactions shall not include transactions (1) where the transaction itself or the Related Party's Financial Interest in the transaction is de minimis, (2) that would not customarily be reviewed by the Board or boards of similar organizations and are available to others on the same or similar terms, or (3) that constitute a benefit provided to a Related Party only as a member of a class of the beneficiaries that the corporation intends to benefit as a part of its mission, as long as the benefit is available to similarly situated members of the same class on the same terms.

Section 2.6. **“Connection With A City or State Official”** shall mean a Trustee who (1) is an employee of the City or State of New York or the State of New Jersey and/or any other state or locality in which the corporation or any of its Affiliates regularly conducts business; (2) is an elected official in the City or State of New York or the State of New Jersey and/or any other state or locality in which the corporation or any of its Affiliates regularly conducts business; or (3) has a Relative that is an elected official in the City or State of New York or the State of New Jersey and/or any other state or locality in which the corporation or any of its Affiliates regularly conducts business.

Section 2.7 **“Business Relationships With Another Interested Person”** shall include any of the following:

1. One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a Trustee, director, officer, or greater-than-35% owner;
2. One person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the organization's tax year. Indirect transactions are transactions with an organization with which the one person is associated as a Trustee, director, officer, or greater-than-35% owner. Such transactions do not include charitable contributions to tax-exempt organizations;
3. The two persons are each a director, Trustee, officer, or greater-than-10% owner in the same business or investment entity (but not in the same tax-exempt organization). Ownership is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (for example, ownership in an entity that has ownership in the entity in question); there can be ownership through multiple tiers of entities.

**ARTICLE III.**  
**PROCEDURES**

Section 3.1 **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, Related Party Transaction, Connection with a City or State Official, or Business Relationship with another Interested Person and all material facts to the Trustees, or to the Audit Committee of the Board. Such disclosure shall be made either through an annual questionnaire required under Article VI or when a conflict not disclosed on the questionnaire otherwise arises. Any such disclosure shall be made prior to the initial election of any Trustee. Prior to his/her initial election, each Trustee shall complete and sign the Conflict of Interest Disclosure and Confidentiality Statement then used by the Board of Trustees.

Section 3.2 **Determining Whether a Conflict of Interest Exists.** After disclosure of the conflict, Financial Interest, Related Party Transaction, Connection with a City or State Official or Business Relationship with another Interested Person and all material facts, and after any discussion with the Interested Person to clarify or obtain additional information relevant to the Financial Interest, he or she shall not participate in any Board or Audit Committee deliberations as to whether a conflict of interest exists and is discussed and voted upon. The remaining Board or Audit Committee members shall decide if a conflict of interest exists and, if so, whether such conflict is material, and shall document in its meeting minutes its conclusions as to the existence and materiality a conflict of interest with regard to such disclosure.

Section 3.3 **Procedures for Addressing a Conflict of Interest or a Related Party Transaction.** Once the disinterested members of the Board of Trustees or Audit Committee have determined that a conflict of interest exists with respect to a particular transaction or arrangement or where a Related Party has disclosed a Related Party Transaction:

(a) The Chair of the Board, on his or her own designation or at the request of the Chair of the Audit Committee, shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

(b) After exercising due diligence, the Audit Committee or the Board shall determine whether (i) the proposed transaction or arrangement is fair, reasonable and in the corporation's best interest and (ii) NYBC 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 or a Related Party Transaction.

(c) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest or a Related Party Transaction, the Board or the Audit Committee shall determine by a majority vote of the disinterested Trustees or committee members whether the transaction or arrangement is in NYBC's best interest and for its own benefit and whether the transaction is fair and reasonable to NYBC and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

(d) The Interested Person shall leave the room while the matter giving rise to the conflict is deliberated and voted on and only disinterested Trustees or committee

members may vote to determine whether to approve the transaction or arrangement, although the Interested Person or Related Party may provide the Board or committee with information related to such transaction prior to such deliberations. To the extent permitted by applicable state law and NYBC's governing documents, Interested Persons or a Related Party may be counted in determining the presence of a quorum at a meeting of the Board or committee where a potential conflict of interest has been disclosed.

Section 3.4. **Violations of the Conflict of Interest Policy.**

(a) If the Board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest or a Related Party Transaction, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

(b) If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take such action as it considers appropriate, including disciplinary and corrective action if warranted.

**ARTICLE IV.**  
**RECORDS OF PROCEEDINGS**

Section 4.1 **Records of Proceedings.** The minutes of the Board and all committees with Board-delegated powers shall contain the following:

(a) the names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest or a Related Party Transaction, a general statement as to the nature of the Financial Interest or a Related Party Transaction, 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 the transaction or arrangement, a summary of the content of the discussion that contains the type of information regularly reported in Board or committee minutes and identifies whether any alternatives to the proposed transaction or arrangement were considered, and a record of any votes taken in connection therewith.

**ARTICLE V.**  
**COMPENSATION**

Section 5.1 **Voting Member of Board.** A voting member of the Board of Trustees who receives compensation, directly or indirectly, from NYBC for services is precluded from voting on matters pertaining to that member's compensation.

Section 5.2 **Voting Member of Committee.** A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or

indirectly, from NYBC for services is precluded from voting on matters pertaining to that member's compensation.

**ARTICLE VI.**  
**STATEMENTS**

Section 6.1 **Annual Statement.** Each Trustee, officer and key employee shall annually complete and sign the Conflict of Interest Disclosure and Confidentiality Statement then used by the Board of Trustees to provide the Board with the information needed to implement this Policy and to affirm that such person has complied with the following:

- (a) receives a copy of this Policy;
- (b) reads and understands this Policy;
- (c) agrees to comply with this Policy;
- (d) understands that NYBC is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes; and
- (e) discloses activities and Financial Interests which may result in a conflict of interest, any Related Party Transactions, a Connection with a City or State Official, or a Business Relationship With Another Interested Person.

All such annual disclosures shall be presented to the Chair of the Corporation's Audit Committee.

Section 6.2 **Statement Prior to Election.** Prior to his/her initial election, each Trustee shall complete and sign the Conflict of Interest Disclosure and Confidentiality Statement then used by the Board of Trustees.

**ARTICLE VII.**  
**CONFIDENTIALITY**

Section 7.1 **Trustee Confidentiality Agreement.** As a member of the NYBC Board, Trustees have access to confidential and/or proprietary information of NYBC, including, but not limited to, information related to NYBC's business, services, products, personnel, finances, operations, strategic planning, research and scientific endeavors. Trustees have an obligation to maintain the confidential and proprietary nature of all such information, and Board deliberations and materials relating thereto, for the benefit of NYBC and to promote open and candid discussion at Board meetings. Trustees shall not use such information for his/her own purposes, nor shall they disclose in any manner such information to any person or entity outside of NYBC, unless the Board authorizes such disclosure, or such disclosure is required by law. Trustees shall use professionalism, good judgment, and care to avoid unauthorized or inadvertent disclosure of confidential and/or proprietary information imparted to them in their affiliation with NYBC.