

**NEW YORK BLOOD CENTER, INC.  
BOARD OF TRUSTEES  
CONFLICTS OF INTEREST POLICY**

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

Section 1.1 **Purpose.** The purpose of this Conflicts of Interest Policy (“**Policy**”) is to protect the interests of the New York Blood Center, Inc. (“**NYBC**”) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or Trustee of NYBC or other Interested Person (defined below). 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 officers and Trustees 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, principal officer, or member of a committee with Board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person (“**Interested Person**”).

Section 2.2 **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment or family, 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 negotiating a transaction or arrangement or (iii) is or is likely to be in direct competition.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature (i.e., in excess of \$1,000 in any calendar year). An “ownership or investment” interest shall not include interests of less than 1% in entities whose securities are publicly listed and have \$75 million or more of stockholders equity. A financial interest is not necessarily a conflict of interest. Under Article III, Section 3.2, a person who has a financial interest may have a conflict of interest only if the Board or committee decides that a conflict of interest exists.

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

Section 3.1 **Duty to Disclose.** In connection with any actual or possible conflicts of interest, an Interested Person must disclose the existence of his or her financial interest and all material facts to the Trustees, or to the members of a committee with Board-delegated powers, considering the proposed transaction or arrangement. 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.

Section 3.2 **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest 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 leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.

Section 3.3 **Procedures for Addressing the Conflict of Interest.** Once the disinterested members of the Board of Trustees or committee have determined that a conflict of interest exists with respect to a particular transaction or arrangement:

(a) The chair of the Board or 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 disinterested members of the Board or committee shall determine whether 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.

(c) If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or 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 voted on and only disinterested trustees or committee members may vote to determine whether to approve the transaction or arrangement. The disinterested members of the Board of Trustees or committee may, in their discretion, require the Interested Person to leave the room while the proposed transaction or arrangement is discussed. In determining whether and when to require the Interested Person to leave the room during discussion of the proposed transaction or arrangement, the disinterested Trustees or committee members shall balance the need to preserve the independence of the determination process with the need to facilitate the discussion by having such person on hand to answer questions or otherwise provide additional information or knowledge that may be of great assistance to the Board or committee. To the extent permitted by applicable state law and NYBC's governing documents, Interested Persons 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 Conflicts 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, 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, a general statement as to the nature of the financial interest, 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.**  
**ANNUAL STATEMENTS**

Section 6.1 **Annual Statement.** Each Trustee, principal officer and member of a committee with Board-delegated powers shall annually sign a statement which affirms 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.

Section 6.2 **Conflicts of Interest Disclosure Statement.** Each Trustee, principal officer and member of a committee with board delegated powers shall sign the Conflicts of Interest Disclosure Statement then used by the Board of Trustees for purposes of providing the Board with the information needed to implement this Policy.

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

Section 7.1 **Confidentiality Agreement.** Each trustee, principal officer and member of a committee with Board-delegated powers shall sign the Confidentiality Agreement used by the Board of Trustees to protect the confidentiality of Board deliberations.

#### **ARTICLE VIII.** **TOPICS SUBJECT TO REVIEW**

Section 8.1. **Topics Subject to Review.** To ensure that NYBC operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include:

- (a) whether compensation arrangements and benefits are reasonable and the result of arm's-length bargaining;
- (b) whether provider services result in inurement or impermissible private benefit;
- (c) whether partnership and joint venture arrangements with management services organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further NYBC's charitable purposes and do not result in inurement or impermissible private benefit; and
- (d) whether agreements to provide health care and agreements with other health care providers, employees, and third party payers further NYBC's charitable purposes and do not result in inurement or impermissible private benefit.