



**NYSID
CORPORATE COMPLIANCE PLAN**

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OVERVIEW

For more than forty years, New York State Industries for the Disabled, Inc. (NYSID) - a not-for-profit member agency organization has been meeting the purchasing needs of state and local government agencies while advancing employment for New Yorkers with disabilities.

NYSID's mission is "*Advancing employment and other opportunities for individuals with disabilities.*" Its vision is "*To be the premier job creation entity for individuals with disabilities through Preferred Source growth, business innovation, partnerships, and employment advocacy in New York and beyond.*"

Under the New York State Preferred Source Program, NYSID acts as a "virtual storefront" for a statewide network of more than 150 community rehabilitation agencies and corporate partners that employ skilled people with disabilities in both facility-based settings and community-based jobs.

To preserve and enhance NYSID's well-deserved reputation, everyone associated with NYSID, including its Board of Directors, management and staff members, must share a commitment not only to NYSID's mission but also to compliance with the numerous laws, regulations, and policies that govern NYSID's conduct.

NYSID developed this Corporate Compliance Plan to assist it in meeting its long-range strategic objectives. In this Plan, NYSID has summarized the internal and external provisions that govern various legal and ethical requirements that NYSID must meet. The Plan is composed of three basic elements:

- A. Code of Ethical Business Conduct
- B. "Whistle-Blower" Policy
- C. Records Retention Policy

A failure to follow existing law can damage NYSID's reputation and threaten its ability to carry out its mission. Unlawful behavior also may result in criminal liability and fines.

Individuals who knowingly materially violate or recklessly disregard this Compliance Plan, or the laws, regulations and policies which govern NYSID will face consequences, which may include termination.

NYSID's ability to achieve compliance with the law depends upon its ability to recognize, avoid, and remedy existing problems. NYSID's compliance, therefore, depends not only upon a choice to "follow the rules" but also an obligation to its mission, its institution, and all those who serve NYSID in any capacity.

Through NYSID's collective efforts it is confident that it can and will enhance its existing reputation for integrity and excellence.

A. CODE OF ETHICAL BUSINESS CONDUCT

Introduction

NYSID recognizes that there may be instances where an employee, volunteer, Director or key person may learn of a practice at NYSID that may not be in compliance with the Code of Ethical Business Conduct. While there are many different ways for an employee, volunteer, Director or key person to address those concerns, NYSID recognizes that the choice will likely depend upon relationships with the particular individuals involved in the conduct at issue; upon relationships with supervisors; or upon knowledge of the laws, regulations and policies governing the practice that is of concern. NYSID wants to assure employees, volunteers, Directors and key persons that this Compliance Plan, exists to help them when they are unable, for any reason, to assure themselves that the conduct in question is in fact a violation of the Code of Ethical Business Conduct. In those instances, NYSID fully expects that individuals will promptly inform the Chief Compliance Officer of the issue. The Chief Compliance Officer is committed to ensuring full compliance with The Code of Ethical Business Conduct.

The Chief Compliance Officer

NYSID's Vice President, Compliance, is the NYSID Chief Compliance Officer (the "Officer"). The Officer is tasked to work in unison with the President and CEO and Executive Team to aid in identifying any potential areas of non-compliance with the Code of Ethical Business Conduct through audits, to assist in investigating potential practices that may not be in Compliance with the Code of Ethical Business Conduct raised by employees, volunteers, Directors, or key persons, and to remedy any deficiencies. The Officer is responsible for administering NYSID's E&C efforts, informing appropriate individuals of this Compliance Plan, and providing or working with the appropriate department to provide any necessary training. These policies and procedures will be reviewed by the Officer, the President and CEO and the Board of Directors at least annually and revised if necessary. The Officer's work will be confidential to the extent legally possible and practicable. If requested, the Officer also will make all reasonable and legally appropriate efforts to protect the identity of the reporting individual. When the Officer completes any necessary investigation, or implements any necessary steps to address the problems detected in meeting the requirements of the Code of Ethical Business Conduct, the Officer will, whenever appropriate and within the confines of applicable law, inform the reporting individual of the result of the investigation and of any action taken concerning the issue presented.

The Officer reports directly to the President and CEO. The Officer acts as staff to the Conflicts and Ethics Committee of the Board of Directors. The Officer acts as administrator of this policy and the E&C Program. The Officer will make a report directly to the Board in each board meeting of the activities of the Officer. The Officer is also the Vice President of Compliance and is charged with monitoring activities of Members and Corporate Partners.

The Process

NYSID employees, volunteers, Directors and key persons are strongly encouraged to bring concerns regarding violations of the Code of Ethical Business Conduct to the attention of

the Officer. Reports may be made in person, in writing, or over the telephone. Written communications should be marked “CONFIDENTIAL.” Although reports may be made anonymously, in order for the Officer to obtain more information from or respond to the reporting individual, for practical purposes it is most helpful if the reporting individual provides his or her name when the report is made. As an alternative, an employee, volunteer, Director or key person may also report violations of the Code of Ethical Business Conduct through an independent third-party organization (“TPO”) with whom NYSID contracts to receive such reports. Reports made to the TPO will be referred to the Officer. The Compliance Officer and the General Counsel will review all complaints made (by any means) and together determine if the complaints fall within the Officer’s purview and are a potential violation of the Code of Ethical Business Conduct. If a complaint is about the General Counsel, the President and CEO will participate in the review with the Officer. If a complaint is about the President and CEO, the Chair of the Conflicts and Ethics Committee will participate in the review with the Officer. If a complaint is about the Compliance Officer, the President and CEO, and General Counsel, will review. Any complaints that are not under the purview of the President and the Officer, will be addressed by the General Counsel or other appropriate officer. The Officer and the General Counsel will conduct a timely and efficient review.

More information regarding reporting to the TPO is provided in the “Reporting” section of the Whistle-blower Policy described below.

All reports and communications received will be kept confidential to the extent legally possible and practicable. The Officer and General Counsel will review reports and decide upon an appropriate investigation. Upon conclusion of the investigation, with the advice of legal counsel, if necessary, the Officer and General Counsel will determine any follow-up action to be taken. Any concerns about the Officer or the Officer’s actions or determination shall be brought directly to the President and CEO, the Chairperson of the Board of Directors of NYSID, or to the TPO who will refer the concern to the President and CEO.

ELEMENTS OF NYSID’S CODE OF ETHICAL BUSINESS CONDUCT

The following summarizes the conduct expected from all of NYSID’s employees, volunteers, Directors, and key persons associated with NYSID, and highlights certain key areas where the potential for concerns may be significant. This Code does not replace NYSID’s Human Resources Policies and Procedures Manual (“HR Manual”), but it should provide additional useful guidance, make individuals sensitive to potential problems they may face, and help individuals to avoid particular pitfalls. Employees, volunteers, Directors, and key persons should refer to NYSID’s Code of Ethics as a supplement to this Code of Ethical Business Conduct. All employees of NYSID, whether at the senior executive level or otherwise, are expected to act ethically and appropriately at all times, and these ethical expectations are incorporated within this Code of Ethical Business Conduct.

Key Areas

NYSID is subject to many state, federal and local laws, together with various internal policies and protocols, including NYSID’s HR Manual. Employees should refer to the HR

Manual as a first reference for guidance. NYSID has attempted to summarize below the general obligations arising in other key areas of NYSID's operations. The key areas are:

1. Act in Accordance with our Core Values
2. Conflicts of Interest and Corporate Opportunities
3. Confidentiality
4. Protection and Proper Use of NYSID Assets
5. Gifts and Gratuities
6. Information System Issues
7. Not-for-Profit and Tax Exemption Considerations
8. Political Activity and Interaction with Elected Officials and Government Agencies.

1. **Act in Accordance with Our Core Values**

In March 2018 NYSID's Executive Team and Board of Directors developed a statement of Core Values. All Employees, volunteers, Directors and key persons should know the Core Values and operate in the spirit of the Core Values on behalf of NYSID.

Diligence. We work tirelessly on behalf of individuals with disabilities to discover new, as well as expand, existing employment opportunities and other quality of life measures.

Integrity. We act with the highest levels of honesty, transparency, fairness and ethical conduct in all business decisions to earn and retain the trust and confidence of our peers, members and oversight agencies.

Collaboration. We engage staff, members, and community partners in our efforts to uncover and synthesize the best ideas in our work to improve the lives of the individuals we serve.

Innovation. We embrace and manage change through responsive leadership and data informed decision making that aligns with our vision.

Partnerships. We value our relationships with our customers, members and key stakeholders which are based on shared missions and mutual goals.

2. **Conflicts of Interest and Corporate Opportunities**

A conflict of interest may arise where an employee, volunteer, Director, or key person stands to benefit personally as a result of a transaction or other arrangement involving NYSID, or where the interests of an employee, volunteer, Director or key person could be seen as competing with the interests of NYSID. All NYSID employees, volunteers, Directors and key persons owe loyalty to the organization and, therefore, should avoid any actual or apparent material conflicts of interest. While conflicts can arise in many different contexts, in general NYSID expects that all employees, volunteers, Directors and key persons will put the interests of NYSID ahead of

their personal concerns, and will not seek to benefit themselves at the expense of, or as a result of, their affiliation with NYSID.

A NYSID employee with a potential or actual conflict of interest in a particular matter shall promptly and fully disclose the conflict to his or her supervisor. Directors, officers, and key persons of NYSID, as defined in the Conflict of Interest Policy included as Attachment A, shall instead follow the conflict disclosure procedures described in the Conflict of Interest Policy.

In addition, in carrying out their duties and responsibilities, employees, volunteers, Directors and key persons should advance the interests of NYSID when the opportunity to do so arises. As such, they should avoid (a) taking for themselves personally or for any family member opportunities that are discovered in carrying out their duties and responsibilities, (b) using NYSID property or information, or their positions at NYSID, for personal gain, and (c) competing with NYSID, in each case, to the material detriment of NYSID. (Whether any of the foregoing actions is to the material detriment of NYSID will be determined by the Board of Directors of NYSID or a duly authorized committee of the Board, based on all relevant facts and circumstances.)

3. Confidentiality

Employees, volunteers, Directors and key persons must respect the confidentiality of information that they acquire in carrying out their duties and responsibilities, except where disclosure is approved by NYSID or legally mandated. Confidential information includes, but is not limited to, all non-public information about NYSID, its member organizations and certain information that may come into the possession of NYSID from other outside sources. Employees should refer to the HR Manual for further information regarding disclosure of confidential information.

4. Protection and Proper Use of NYSID Assets

Employees, volunteers, Directors and key persons are expected to promote the responsible use and control of NYSID's assets and resources. NYSID assets, such as information, materials, supplies, tax exemption certificates, intellectual property, facilities, software, and other assets owned or leased by NYSID, or that are otherwise in NYSID's possession, should be used only for legitimate purposes of NYSID, and not for personal use.

5. Gifts and Gratuities

Employees, volunteers, Directors and key persons are expected to be aware that the receipt or giving of gifts by NYSID personnel may raise questions about relationships with NYSID's member agencies, vendors, governmental officials, or others with whom NYSID interacts. NYSID must always refrain from activities that could possibly be construed as an attempt to improperly influence these relationships. Employees, volunteers, Directors and key persons should not offer or receive a gift in circumstances where it could reasonably appear or be perceived that the purpose of the gift is to improperly influence NYSID's relationship with a vendor, regulator, or other person or entity.

It is NYSID's policy to reimburse its employees, volunteers, Directors, key persons and other agents for all reasonable expenses, including meals, entertainment, and travel, that are appropriately incurred while conducting NYSID's business. Rarely, therefore, will justification exist for an individual to permit someone else to pay for such items. NYSID expects that if individuals follow the NYSID policy and exercise reasonable judgment and common sense with respect to gifts and gratuities, individuals will avoid situations that might bring their or NYSID's integrity into question. If individuals have any questions in connection with the receipt or offer of gifts and gratuities, they should consult their supervisor or the Compliance Officer. Any concerns regarding violations of policy in this area should be brought to the attention of the Compliance Officer or to the TPO.

6. Information Systems Issues

NYSID employees, volunteers, Directors and key persons are responsible for maintaining and protecting the information used by them in connection with their duties. For example, individuals must not make inappropriate or unauthorized modifications of information, or destroy or disclose information, except as authorized. Additionally, no individual may, without the prior written consent of NYSID, use for his or her own benefit or disclose to others any confidential information obtained during employment.

Documents containing sensitive data must not be left in public view or in an unsecured location. Individuals also must be careful when they enter, secure, and store computer data. Employees should refer to the HR Manual for appropriate procedures with respect to any reports or issues concerning information systems.

7. Not-for-Profit and Tax Exemption Considerations

NYSID is exempt from federal income taxation as a not-for-profit entity organized and operated for a charitable purpose. To maintain this exemption, NYSID cannot act for the benefit of a particular individual or entity. Such conduct, commonly referred to as "private inurement," is improper. Generally speaking, NYSID cannot authorize or pay compensation and benefits in excess of the "fair market value." Similarly, NYSID must receive fair market value for things such as space rented by particular individuals, or services or materials purchased by particular individuals. If fair market value is not paid or received, it could be determined that NYSID has allowed its exempt assets to benefit a private individual, and a private inurement violation can be established.

Sanctions can include civil liability, including personal liability for Directors, officers, and the individual receiving the improper benefit. Additionally, NYSID could lose its tax-exempt status. It is therefore crucial that private inurement issues be avoided. Questions regarding these issues or potential problems in this area should be referred to the Compliance Officer or to the TPO.

8. Political Activity and Interaction with State and Local Agencies, Officials and Elected Officials

Federal and state laws limit the way in which NYSID as an institution may participate in the political process. For example, NYSID is expressly prohibited by law from contributing to political candidates or officeholders. Employees, volunteers, Directors and key persons, of course, may personally participate in the political process if they desire to do so. Such participation, to the extent it includes campaigning or soliciting political support or contributions, must take place off NYSID premises. NYSID's assets also cannot be used to support political activity or political candidates. Employees, volunteers, Directors and key persons should not use their affiliation with NYSID in such a way as to suggest or imply that NYSID, as opposed to the individual personally, supports a particular candidate, party, or issue. Questions regarding these issues or potential problems in this area should be referred to the Compliance Officer or to the TPO. Employees, volunteers, Directors and key persons must abide by all state and local ethics and lobbying laws in regards to interaction with public agencies and officials.

B. “WHISTLE-BLOWER” POLICY

In keeping with the policy of maintaining the highest standards of conduct and ethics, NYSID will investigate any (a) reasonably suspected fraudulent or dishonest use or misuse of NYSID’s resources or property; or (b) reasonably suspected violation of corporate policy by staff, board members, consultants, or by employees, volunteers, Directors, consultants or vendors. NYSID is committed to maintaining the highest standards of conduct and ethical behavior and promotes a working environment that values respect, fairness and integrity. All employees, volunteers, Directors, consultants, and vendors shall act with honesty, integrity and openness in all their dealings as representatives for the organization. Failure to materially follow these standards will result in disciplinary action including possible termination of employment or business relationships, dismissal from one’s Board duties, and possible civil or criminal prosecution if warranted.

This policy shall be distributed to all Directors, officers, key person, employees, and volunteers who provide substantial services to the Corporation.¹ Distribution for these purposes may include posting the policy on the Corporation’s website or at the Corporation’s office in a conspicuous location accessible to employees and volunteers.

Employees, former employees, volunteers, independent contractors and Directors are encouraged to report suspected fraudulent or dishonest conduct (i.e. to act as a “whistle-blower”), pursuant to the procedures set forth below.

Reporting

Employees should make a good faith effort to first notify NYSID if it is reasonably believed an activity or conduct is (i) fraudulent or dishonest use or misuse of NYSID resources or property or violation of corporate policies; (ii) in violation of a law, rule or regulation, including executive orders and judicial or administrative decisions, rulings and orders; or (iii) poses a substantial and specific danger to the public health or safety.

A person’s concerns should be reported to his or her supervisor or to the VP, Compliance. If for any reason a person finds it difficult to report his or her concerns to a supervisor or to the VP, Compliance or, if suspected by a volunteer, to the staff member supporting the volunteer’s work, the person may report the concerns directly to one of the following:

- the President and CEO; or NYSID’s third-party independent reporting organization (“TPO”) Navex Global at (888) 297-0224 or online at <http://www.navexglobal.com>.² Alternately, to facilitate reporting of suspected violations where the reporter wishes to remain anonymous, a written statement may be submitted to the TPO.

¹ Substantial services is not defined under the law. The organization can either: (a) distribute a copy to all volunteers; or (b) define the universe of volunteers that falls within this definition (e.g., by title, number of hours volunteered, etc.).

² The hotline and website are currently staffed and supported by independent third-party organization Ethics Point, Inc.

Employer notification is not necessary if (i) there is imminent and serious danger to public health; (ii) the employee reasonably believes reporting of the violation to the employer would result in the destruction of evidence, concealment, or harm to the employee; or (iii) the employee reasonably believes that their supervisor is already aware of the violation and will not correct it.

The Board of Directors of NYSID will oversee the implementation of and compliance with this policy; provided that directors who are employees may not participate in any deliberations or voting relating to the administration of this policy. The VP, Compliance is designated to act as administrator of this policy and shall issue a report to the Conflicts and Ethics Committee on the administration of this policy.

Definitions

Baseless Allegations: Allegations made with reckless disregard for their truth or falsity. People making such allegations may be subject to disciplinary action by NYSID and/or legal claims by individuals accused of such conduct.

Fraudulent or Dishonest Conduct: A deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Examples of such conduct include, but are not limited to:

- forgery or alteration of documents;
- unauthorized alteration or manipulation of computer files;
- fraudulent financial reporting;
- pursuit of a benefit or advantage is reasonably believed to be in violation of NYSID's Code of Ethical Business Conduct, including the Conflict of Interest Policy;
- misappropriation or misuse of NYSID resources, such as funds, supplies, or other assets;
- authorizing or receiving compensation for goods not received or services not performed; and
- authorizing or receiving compensation for hours not worked.

Whistle-Blower: An employee or other individual who informs a supervisor, the VP Compliance, or other party in good faith about an activity relating to NYSID which that person believes to be fraudulent or dishonest, or in violation of corporate policy.

Rights and Responsibilities

Supervisors: Supervisors are required to report suspected fraudulent or dishonest conduct, or violations of corporate policy to one of the following: NYSID's VP, Compliance, the Board Chair, the President and CEO, or the TPO.

Reasonable care should be taken in dealing with suspected misconduct to avoid:

- baseless allegations;
- premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved with the investigation; and
- violations of a person's rights under law.

Due to the important yet sensitive nature of the suspected violations, effective professional follow-up is critical. Supervisors, while appropriately concerned about “getting to the bottom” of such issues, should not in any circumstances perform any investigative or other follow up steps on their own. Accordingly, a supervisor who becomes aware of suspected misconduct:

- should not contact the person suspected to further investigate the matter or demand restitution and
- should not discuss the case with attorneys, the media or anyone other than the VP, Compliance, TPO, Board Chair, or the President and CEO.

Investigation

All relevant and material matters, including suspected but unproved matters, will be reviewed and analyzed, with documentation of the receipt, retention, investigation and treatment of the complaint. Appropriate corrective action will be taken, if necessary, and to the extent it is appropriate to do so, findings will be communicated back to the reporting person and his or her supervisor. Under certain circumstances, complaints may warrant investigation by an independent person such as auditors and/or attorneys. Directors who are employees of NYSID may not participate in Board or committee deliberations or votes relating to administration of this policy. In addition, any person who is the subject of a complaint made pursuant to this policy may not be present at or participate in any Board or committee deliberations or votes on the matter relating to the complaint. However, the Board or relevant committee may request that such person present background information or answer questions at a meeting prior to the commencement of deliberations and voting.

Whistle-Blower Protection

NYSID will protect whistle-blowers as defined below.

- NYSID will use its best efforts to protect whistle-blowers against retaliation. Whistle-blowing complaints will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law.
- No Director, officer, employee, former employer, independent contractor or volunteer who, in good faith, reports any action or suspected action taken by or within NYSID that is illegal, fraudulent, or in violation of any adopted policy of NYSID shall suffer intimidation, harassment, discrimination, or other retaliation or, in the case of employees, adverse employment consequences as a result of such a report. Employees, volunteers, Directors, and other agents of NYSID may not retaliate against a whistle-blower for informing management about an activity which that person believes to be fraudulent or dishonest with the intent or effect of adversely affecting the terms or

conditions of the whistle-blower's employment, including but not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or fees. Whistle-blowers who believe that they have been retaliated against may file a written complaint with the Officer, Board Chair, or President and CEO. Examples of retaliation include, (i) adverse employment actions against current employees, such as discharge, suspension, or demotion; (ii) actions or threats that would adversely impact a former employee's current or future employment; or (iii) contacting or threatening to contact immigration authorities on an employee or their family member. Any complaint of retaliation will be promptly investigated and appropriate corrective measures taken if allegations of retaliation are substantiated. This protection from retaliation is not intended to prohibit supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.

- Whistle-blowers must be cautious to avoid making baseless or false allegations (as described earlier in the "definitions" section of this policy).

C. RECORDS RETENTION POLICY

The goals of this policy are:

- (1) to ensure that all non-critical records are retained for no longer than the minimum period required by law;
- (2) to eliminate accidental or innocent destruction of business records;
- (3) to ensure that all critical records are retained for a sufficient period of time; and
- (4) to ensure that records are destroyed only pursuant to a standard policy which has been developed for business reasons.

This policy shall apply to all records regardless of whether the records are stored on paper or on computer hard drives, floppy disks or other electronic media. See Attachment "D" to this Plan for the "Guidelines for Disposition of Emails."

Also attached to this Plan is a "Records Retention Schedule" (Attachment "E"). This Schedule sets forth the recommended retention periods for each category of records. The categories are intended to be general and should be interpreted as including all types of records relating to that category, including correspondence, notes, reports, etc. Documents that are sent to storage should be identified by category and should indicate a planned destruction date determined in accordance with the attached schedule. The individual responsible for carrying out this policy shall use these dates to identify records ready for destruction.

Individual department Vice Presidents are responsible for the overall administration and enforcement of this policy. The Compliance Officer must monitor compliance with the retention periods and is specifically charged with overseeing periodic reviews of records in accordance with the policy. Oversight shall include creation of an index of active and inactive records as well as maintaining a "log book" in which all destroyed documents are recorded.

The legally-required retention periods set forth on the attached schedule presumes the operation of NYSID in the "ordinary course of business." Intentional destruction of records relating to litigation or governmental investigations may constitute a criminal offense. The Compliance Officer shall be responsible for suspending document destruction policies upon learning of civil litigation against NYSID, a federal or state government investigation, a formal audit by a governmental agency or enforcement proceeding, or if any of these actions are suspected, reasonably anticipated or have been commenced against NYSID, its officers, directors or employees. The Compliance Officer shall be responsible for notifying individuals at NYSID responsible for record retention activities to ensure that destruction of records is suspended until the litigation, investigation or proceeding is complete.

The Sarbanes-Oxley Act of July 30, 2002, makes it a crime to alter, cover up, falsify, or destroy any document to prevent its use in an official proceeding. Failure on the part of employees, volunteers, and Directors to follow this policy can result in possible civil and criminal sanctions against NYSID and its employees and possible disciplinary action against

responsible individuals (up to and including termination of employment). Each employee, volunteer, and Director has an obligation to contact the Compliance Officer and the General Counsel of a potential or actual litigation, external audit, investigation or similar proceeding involving NYSID that may have an impact as well on the approved records retention schedule.

ATTACHMENT "A"

CONFLICT OF INTEREST POLICY

Background

The New York State Industries for the Disabled, Inc. ("NYSID") is a federally tax-exempt organization subject to the requirements of Internal Revenue Code ("Code") Section 4958 and the Treasury regulations thereunder with respect to various dealings with disqualified persons. It is also subject to the New York Not-for-Profit Corporation Law with respect to its governance, including its procedures for handling conflicts of interest and related party transactions, in addition to case law and common law that deals with these concerns. This Policy is intended to help NYSID to comply with these various federal and state law requirements.

The Corporation adheres to the highest standards of ethical conduct in governance and operations to ensure that board of directors, officers, staff, volunteers, and/or consultants do not have or give the appearance of having Conflicts of Interest and do not use their relationship with the organization for impermissible private benefit. An appearance of a Conflict of Interest exists when a reasonable person would conclude that a decision is being made based on personal interests rather than in the best interests of the Corporation.

The Corporation has adopted this Conflict of Interest Policy (this "Policy") to identify and limit the effect of any possible conflict between the personal interests of directors and officers and the interest of the Corporation. The purpose of this Policy is to ensure that decisions about corporate operations and the use and dispositions of corporate assets are made solely in terms of benefits to the Corporation and are not influenced by any private profit or other personal benefit to the individuals affiliated with the Corporation who take part in the decision.

Administration

The Conflicts and Ethics Committee (the "Committee") shall adopt, oversee and administer this Policy. The Committee shall review this Policy periodically to ensure compliance with applicable state and federal laws. Questions arising under this Policy should be forwarded to NYSID's Vice President, Compliance (the "Compliance Officer").

Definitions

A "Related Party" is defined as the following:

- (a) Any individual who currently serves as:
 - (i) a voting member of the Board of Directors of the Corporation or any Affiliate of the Corporation;

- (ii) an officer of the Corporation or any Affiliate of the Corporation;
- (iii) a Key Person of the Corporation or any Affiliate of the Corporation; or
- (iv) any other person who exercises the powers of directors, officers or Key Persons over the affairs of the Corporation or any Affiliate of the Corporation.

(b) Any Relative of those persons listed in (a) above. A "Relative" includes: spouse; domestic partner as defined in New York Public Health Law Section 2954-A; ancestors; brothers and sisters (whether whole or half-blood); children (whether natural or adopted); grandchildren; great-grandchildren; and spouses or domestic partners of brothers, sisters, children, grandchildren, and great-grandchildren.

(c) Any entity in which an individual listed in (a) or (b) has a Controlling Interest. A Controlling Interest is defined as:

- for corporations, ownership (directly or indirectly) of more than 35% of the combined voting power;
- for partnerships or personal service corporations, ownership (directly or indirectly) of more than 5% of the profits interest; and
- for trusts or estates, ownership (directly or indirectly) of more than 35% of the beneficial interest.

"Key Person" includes any person, *other than a director or officer*, whether or not an employee of the Corporation, who:

- (a) has responsibilities, or exercises powers or influence over the Corporation as a whole similar to the responsibilities, powers, or influence of directors and officers;
- (b) manages the Corporation or a segment of the Corporation that represents a substantial portion of the activities, assets, income, or expenses of the Corporation, which for these purposes shall be *ten percent (10%)*; or ³
- (c) alone or with others controls or determines a substantial portion of the Corporation's capital expenditures or operating budget, which for these purposes shall be *ten percent (10%)*.

"Affiliate" is any entity controlled by, or in control of, the Corporation.

A "Related Party Transaction" is any transaction, agreement, or other arrangement in which a Related Party has a financial interest and in which the Corporation or any Affiliate of the Corporation is a participant.

³ "Substantial" is not defined under the N-PCL. The Corporation needs to consider what is "substantial" for its operations. Threshold listed is suggestion only.

The following shall not be considered a Related Party Transaction:

- *A transaction that is de minimis, including: a single transaction that does not exceed \$ _____; or multiple transactions with a single third-party within a ____ month period that do not exceed this threshold.*⁴
- A transaction that is not subject to approval by the Board of Directors pursuant to the Corporation's Contract Approval Policy *[OR A transaction that would not customarily be reviewed by the Board of Directors or boards of similar organizations in the ordinary course of business and is available to other on the same or similar terms.]*
- A benefit provided to a Related Party solely as a member of a class of the beneficiaries that the Corporation serves as part of its *[charitable]* activities, and which benefit is available to all similarly situated members of the same class on the same terms.

A "Conflict of Interest" is any transaction that is not a Related Party Transaction, but involves a transaction that could be perceived or interpreted to be in conflict with the Corporation's interest.

Annual Disclosure Statements

- Duty to Complete Questionnaire. Each director shall complete a conflict of interest questionnaire prior to becoming a director and annually thereafter. Each officer or Key Person shall complete a conflict of interest questionnaire when assuming the relevant position and annually thereafter. The questionnaire shall be in the form approved by the Committee.⁵
- Duty to Update Information. Each director, officer, or Key Person shall promptly advise the Secretary or designated compliance officer of any changes to the information provided in that individual's last completed conflict of interest questionnaire.

If during the course of a Board of Directors or any committee meeting, discussion, or deliberation a participant believes an actual or potential Conflict of Interest or Related Party Transaction may exist, the participant should raise the issue and disclose such information as the participant is aware so that the Board of Directors or committee may review and refer the matter for additional action if required by this Policy. In all cases, any disclosure should be documented in meeting minutes or other corporate records.

⁴ The organization needs to consider where to set this threshold with respect to what is a *de minimis* standard. Depending on the context, *de minimis* can mean (a) a level of risk that is too small to be concerned with; (b) situations of low audit risk; or (c) a percentage of revenues or of a transaction (e.g., Internal Revenue Code uses a *de minimis* threshold of .25% for certain bond transactions).

⁵ Note that Code Section 4958 includes a 5-year look back for directors, officers, and other disqualified persons for purposes of excess benefit transactions. Requesting disclosures from these individuals is not required under the N-PCL or the Code, but the organization should consider maintaining the most recent disclosures from these individuals for this 5-year period.

If a potential Conflict of Interest is identified by the Corporation, information regarding the potential conflict shall be provided to the designated compliance officer for a determination regarding whether an actual Conflict of Interest exists. If a Conflict of Interest exists, the designated compliance officer shall ensure that proper documentation is maintained to confirm that the transaction is fair and reasonable to the Corporation. Any individual with an interest (either directly, through a Relative or an organization in which the director or a Relative as a Controlling Interest) may not participate in the approval of the transaction.

Quorum and Voting

Directors or committee members who must leave a meeting due to a Conflict of Interest or Related Party Transaction shall be deemed present for voting purposes regardless of whether the individual returns to the meeting

Employee Conflicts of Interest

All employees should deal with vendors without any appearance of favor or preference based on personal considerations. Employees must, at all times, exercise their best skill, care and judgment for the benefit of the Corporation and must refrain from being influenced by personal considerations of any kind in the performance of their duties. Whenever a Conflict of Interest—or even a *possible* Conflict of Interest—exists, it must be fully disclosed and the employee involved may then be required to refrain from participating in the consideration or determination of any transaction with the vendor.

Specifically, an employee of the Corporation with a potential Conflict of Interest in a particular matter shall promptly and fully disclose the potential conflict to his or her supervisor who shall then disclose the matter to the President or designated compliance officer. The President or designated compliance officer shall be responsible for determining the proper way for the Corporation to handle decisions which involve employee Conflicts of Interest. In making such determinations, the President or designated compliance officer may consult with legal counsel.

The President or designated compliance officer shall report to the Committee at least annually concerning employee Conflicts of Interest that have been disclosed and contracts and transactions involving employee conflicts that the President or designated compliance officer has approved.

Compensation Decisions

A compensation decision for a Related Party is a Related Party Transaction. All recommendations for such matters shall be referred to the Committee for review in accordance with this Policy once a recommendation is made by the Compensation Committee.

The Related Party shall not participate in the deliberations or voting on any matter relating to compensation such individual receives in any context (except expense reimbursement). Such individual may provide information to the Compensation Committee or Committee reviewing the compensation decision.

All compensation will be measured against an appropriate recognized survey or surveys for

compensation (if applicable) of corresponding rank, position, and/or specialty in the same or a *comparable* geographic area as that of the Corporation. There shall be sufficient and adequate documentation to support the reasonableness and appropriateness of all compensation decisions. All deliberations regarding compensation of a Related Party shall be documented in the minutes of the Compensation Committee and the Committee.

Violations of Conflict of Interest Policy

If the Committee determines that an individual has failed to comply with the policies and directives set forth in this Policy, it shall recommend or take appropriate corrective action.

ATTACHMENT "B"

RELATED PARTY TRANSACTION REVIEW REQUEST

Purpose: The purpose of this form is to provide sufficient information to the Board of Directors of _____ (the "Corporation") so that the Board of Directors may review certain transactions ("Related Party Transactions") as required by the New York Not-for-Profit Corporation Law and the Corporation's Conflict of Interest Policy.

Instructions: A staff member should complete this form when a Related Party Transaction is identified. Staff members should attach sufficient information to permit the Board of Directors to determine whether such transaction is fair and reasonable and in the Corporation's best interests. Once completed, the staff member should submit this form along with any attachments to the Secretary or designated compliance officer for the Board of Directors consideration.

Describe the transaction, agreement or other arrangement and how it will benefit the Corporation.	_____ _____ _____
List all Related Parties involved in the transaction and why they are considered a Related Party.	_____ _____
Describe the Related Party's interest in the transaction and, if applicable, how that interest is deemed "substantial."⁶	_____ _____
Describe how the Corporation or an affiliate is involved.	_____ _____
Describe generally the terms of the transaction and the amount(s) the Corporation will pay or be paid.	
Describe any alternate transactions (to the extent available) and why the alternative transactions are not more favorable to the Corporation.*	_____ _____ _____ _____

⁶ For this purpose, "substantial" shall mean any transaction (a) directly between the Corporation and the Related Party; or (b) between the Corporation and an entity in which the Related Party has a controlling interest as defined in paragraph (c) under the Related Party definition above

*Alternate transactions are required where the Related Party has a substantial financial interest in the transaction. If in doubt, please include alternate transaction information.

ATTACHMENT "C"

ANNUAL CONFLICT OF INTEREST DISCLOSURE STATEMENT

Please complete the following disclosure statements. Write "N/A" if a statement is not applicable. Please attach additional sheets if necessary. Terms used in this Disclosure Statement but not defined have the meanings ascribed to them in the Conflict of Interest Policy.

- (1) Please list all entities or trusts in which you or a Related Party of yours is a director, trustee, officer, member, owner (either as a sole proprietor or partner) or employee and with which NYSID or an Affiliate is known to have (or is known to be in discussions to have) a relationship (whether contractually or otherwise).

- (2) Please list any transaction, agreement, or other arrangement in which NYSID or an Affiliate is a participant (or is known to be in discussions to be a participant) and in which you or a Related Party of yours might have a conflicting interest.

- (3) Please list any other interests that you or a Related Party of yours may have that could give rise to a conflict of interest.

ACKNOWLEDGMENT

I acknowledge that (i) I have received and read the Conflict of Interest Policy of NYSID.

Signature: _____ **Date:** _____

Name: _____

Title(s): _____

ATTACHMENT “D”

GUIDELINES FOR DISPOSITION OF E-MAILS

Work related e-mail is a corporate record and must be treated as such. It is the responsibility of the sender of the e-mail message and the recipient of messages from outside NYSID to manage e-mail messages according to this records retention policy. E-mail that does not meet the definition of a record (i.e., personal e-mail or junk e-mail) should be deleted immediately from the system.

NYSID’s e-mail servers are NOT intended for long-term record retention. E-mail messages and any associated attachment(s) with retention periods greater than three (3) years should be kept in similar fashion to paper records or electronically stored in an appropriate file on the network drive, so that it may be maintained and stored in accordance with the records retention policy. It is important to note that the e-mail messages should be kept with the attachment(s). The printed or electronic copy of the e-mail must contain the following header information:

- who sent the message;
- to whom the message was sent;
- date and time message was sent; and
- subject.

When e-mail is used as a transport mechanism for other record types, it is possible, based on the content, for the retention and disposition periods of the e-mail and the transported record(s) to differ. In this case, the longest retention period shall apply.

An e-mail can be deleted once a paper copy has been printed or the e-mail has been stored electronically in a file on the network drive. The paper copy or the electronic copy must be retained for the correct time period as determined by this Record Retention Policy.

ATTACHMENT “E”
RECORDS RETENTION SCHEDULE

<u>CATEGORY OF FILE</u>	<u>ITEM</u>	<u>RETENTION PERIOD</u>
CORPORATE RECORDS	Articles of Incorporation	Permanent
	Bylaws	Permanent
	Board, standing and other committee meeting minutes and resolutions	Permanent
	Board, standing and other committee meeting agendas and materials	7 years
	Conflict of interest disclosure forms	7 years
COMPLIANCE	Compliance Reviews	6 years
	Quarterly Employment Reports	6 years
FINANCE and ADMINISTRATION	Accounts payable ledger	7 years
	Accounts receivable ledger	7 years
	Audited financial statements	Permanent
	Auditor management letters	Permanent
	Audit work papers	7 years
	Bank deposits, statements and reconciliations	7 years
	Budget information	7 years
	Charitable organization registration statements (filed with NYS Attorney General)	7 years
	Chart of accounts	Permanent
	Check register, vendor invoices and cancelled checks	7 years
	Contracts and agreements	7 years after all obligations end
	Donor fund statements	7 years
	Equipment files and maintenance records	7 years after disposition of equipment
	Expense reports	7 years
	General ledgers	Permanent
	Journal entries	7 years
	Monthly closing information and reports	7 years
	Treasurer 's reports	Permanent
	Investment manager and custodian contracts and related correspondence	Permanent
	Investment consultant reports	7 years

<u>CATEGORY OF FILE</u>	<u>ITEM</u>	<u>RETENTION PERIOD</u>
INSURANCE FILES	Policies -occurrence type	Permanent
	Policies - claims-made type	Permanent
	Fire inspection reports	7 years
	Claims (after settlement)	7 years
REAL ESTATE and OTHER TANGIBLE PROPERTY	Deeds	Permanent
	Leases (expired)	7 years after all obligations end
	Mortgages, notes and security agreements	7 years after all obligations end
	Purchase/Sale agreements	7 years after disposition of property
TAX	IRS audit closing letters	Permanent
	IRS exemption determination and related correspondence	Permanent
	Tax related correspondence with legal counsel or accountants	7 years after return is filed
	Tax returns	7 years after return is filed
	Tax return work papers	7 years after return is filed
DEVELOPMENT	Fund agreements (signed)	Permanent
	All correspondence and/or solicitation materials relating to terms of the fund	Permanent
	Bequest accounting records	7 years after estate is probated
	Charitable gift annuity contracts	Permanent
	Documents related to termination of a private foundation	Permanent
	Gift acknowledgments- standard	7 years
	Insurance policies for donors	Permanent
	Trust agreements and correspondence including agreements for pooled life income funds	Permanent
COMMUNICATIONS	Annual reports	After 7 years, keep 5 copies permanently

<u>CATEGORY OF FILE</u>	<u>ITEM</u>	<u>RETENTION PERIOD</u>
	Commissioned research reports/surveys	Permanent
	Other publications	Permanent
	Press clippings	Permanent
	Press releases	7 years
COMMUNITY PHILANTHROPY	Approved grant applications - all documentation supporting grant payment, including application/ recommendation, due diligence, grant agreement letters and post grant reporting, if any.	7 years after completion of grant period
	Declined/withdrawn grant applications	7 years after application is declined or withdrawn
	Listings of Board approved grants	Permanent
HUMAN RESOURCES	Benefits: retirement plans (plan descriptions, plan documents)	Permanent
	Benefits: welfare plans (plan descriptions, plan documents)	Permanent
	Consultant contracts/files	7 years after all obligations end
	Contracts with employees	7 years after all obligations end
	Employment applications and resumes -non-employees	1 year
	Employee hand books	Permanent
	Employee orientation and training materials	7 years after use ends
	Employee personnel files	7 years from date of termination
	IRS Form I-9 (store separate from personnel file)	Greater of 1 year after end of service, or 3 years
	Payroll records	Permanent
	Safety (OSHA) reports	Permanent
	Timesheets	7 years
	Withholding tax statements	7 years
	Workers compensation claims (after settlement)	10 years

<u>CATEGORY OF FILE</u>	<u>ITEM</u>	<u>RETENTION PERIOD</u>
TECHNOLOGY	Software licenses and support agreements	7 years after all obligations end
GENERAL ADMINISTRATION	Correspondence - general (other than correspondence having temporary, limited or transitory value)	7 years
	Correspondence - President and CEO	7 years
	Correspondence with legal counsel not otherwise listed	7 years
	Appointment calendars -President and CEO	7 years

ACKNOWLEDGMENT

I acknowledge receipt of the NYSID Corporate Compliance Plan.

Printed Name

Signature

Date: _____