

**Memorial Sloan-Kettering Cancer Center
Policy on Conflicts of Interest for Directors and Key Employees**

POLICY

ARTICLE I

Purpose

The purpose of the conflicts of interest policy is to protect the Memorial Sloan-Kettering Cancer Center's (MSKCC's) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, Board of Managers member, or other persons in a position of authority over MSKCC.

ARTICLE II

Definitions

1. **Interested Person**: Any Board of Managers member, 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. If a person is an interested person with respect to any MSKCC entity, he or she is an interested person with respect to all MSKCC entities.
2. **Financial Interest**: A person has a Financial Interest if the person has, directly or indirectly, through business, investment or family:
 - a. an ownership or investment interest equal to more than 10% of the equity in any entity with which MSKCC has a transaction or arrangement;
 - b. a compensation arrangement with MSKCC or with any entity or individual with which MSKCC has a transaction or arrangement; or
 - c. an ownership or investment interest equal to more than 10% of the equity in, or compensation (which includes direct and indirect remuneration as well as gifts or favors that are substantial in nature) arrangement with, any entity or individual with which MSKCC is negotiating a transaction or arrangement.

A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a Financial Interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

ARTICLE III

Procedures

1. **Duty to Disclose**: In connection with any actual or potential conflicts of interest, an Interested Person must disclose the existence of his or her Financial Interest and must be given the opportunity to disclose all material facts to the directors and members of

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committees with Board-delegated powers considering the proposed transaction or arrangement.

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, he/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.
3. Procedures for Addressing the Conflict of Interest:
 - a. An Interested Person may make a presentation at the Board or committee meeting, but after such presentation he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
 - b. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the Board or committee shall determine whether MSKCC 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.
 - d. 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 directors whether the transaction or arrangement is in MSKCC's best interest and for its own benefit and whether the transaction is fair and reasonable to MSKCC and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.
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 potential 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 potential conflict of interest, it shall take appropriate action.

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ARTICLE IV

Compensation

No Interested Person may participate in a discussion of, or vote on, any matters pertaining to his or her compensation, including, without limitation, fringe benefits and perquisites.

ARTICLE VI

Ongoing Obligation to Report

Each Interested Person is obligated to report promptly to MSKCC potential conflicts as they may arise. Each year, Interested Persons shall be required to update and disclose their interests that could give rise to conflicts of interest, such as substantial business or investment holdings and other transactions or affiliations.

ARTICLE VII

Statement

Each Board of Managers member, principal officer and member of a committee with Board-delegated powers shall be given a copy of this policy and sign a statement that affirms that such person:

- a. has received a copy of the conflicts of interest policy;
- b. has read and understands the policy
- c. has agreed to comply with the policy, and
- d. understands that MSKCC is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.