

## **Corporate Governance Guidelines**

The following Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of the United Nations Development Corporation (the “Corporation”) to assist the Board in the exercise of its responsibilities. These Guidelines are not intended to change or interpret any federal or state law, or the Corporation’s By-Laws. These Guidelines are subject to modification from time to time by the Board.

### **I. Board Meetings and Agenda**

#### **A. Boarding Meetings**

The Board shall have at least three regularly scheduled Board meetings each year. Additional special meetings and telephonic meetings shall be held as necessary.

#### **B. Agenda**

The Chairman of the Board<sup>1</sup> taking into account suggestions from the Chief Executive Officer and other directors, will set the agenda for each meeting and will distribute this agenda to each director. Each director is free to suggest the inclusion of agenda items and is also free to raise additional items at any meeting. At least annually, the Board should review the Corporation’s operating budget.

#### **C. Advance Distribution of Materials.**

To the extent feasible, information and materials that are relevant to the Board’s understanding of agenda items at an upcoming Board meeting should be distributed to all directors sufficiently in advance of the meeting to permit prior review. The Board understands that certain matters that are discussed at Board meetings are of an extremely confidential and sensitive nature and that the distribution of materials on these matters before Board meetings may not be advisable.

### **II. Director Responsibilities**

#### **A. General**

The basic responsibility of the directors is to exercise their business judgment in accordance with applicable law and to act in what they reasonably believe is in the best interests of the Corporation and the State of New York.

#### **B. Functions of the Board**

The business of the Corporation is conducted by its employees and officers under the direction of the Chief Executive Officer and the oversight of the Board. The Board performs a number of specific functions, including:

- reviewing, and monitoring the implementation of fundamental financial, management and operational decisions of the Corporation;
- overseeing the Chief Executive Officer and the other senior management in the effective and ethical management of the Corporation; and

- reviewing the Corporation's processes for maintaining the integrity of the Corporation's financial statements and the Corporation's compliance with law.

#### C. Chairman of the Board

The Chairman of the Board will not be a member of management and will be charged with leading the Board's oversight, including setting the Board's agenda, managing the flow of information to the Board, coordinating the work of the Board's committees and serving as the primary liaison between the Board and management.

#### D. Attendance

Directors are expected to attend all Board meetings and all meetings of committees of the Board of which they are a member. They are expected to spend such time as may be necessary to properly discharge their responsibilities, including the advance review of all meeting materials.

#### E. Ethics and Conflicts of Interests

The Corporation expects its directors to acknowledge their adherence to the Corporation's policies and procedures. If any actual or potential conflict of interest arises with respect to a director, the director shall promptly inform the Chairman and the other directors. All directors shall recuse themselves from any decision affecting their personal interests. The Board shall resolve any conflict of interest question involving the Chief Executive Officer.

#### F. Membership on the Board

Public officers or employees shall be eligible for appointment as board members of the Corporation.

#### G. Independence

The Board shall coordinate with the office of the Mayor and the office of the Governor to ensure that a majority of the directors are "independent." A director shall be deemed independent if he or she: (a) is not, and in the past two years has not been, employed by the Corporation in an executive capacity; (b) is not, and in the past two years has not been, employed by an entity that received remuneration valued at more than fifteen thousand dollars (\$15,000) for goods and services provided to the Corporation, or received any other form of financial assistance valued at more than fifteen thousand dollars (\$15,000) from the Corporation;<sup>2</sup> (c) is not a relative of an executive officer or employee in an executive position of the Corporation; and (d) is not, and in the past two years has not been, a registered lobbyist paid to influence the management decisions, contract awards or any other similar actions of the Corporation.

No board member, including the chairperson, shall serve as the Corporation's chief executive officer, executive director, chief financial officer, comptroller, or hold any other equivalent position while also serving as a member of the Board.

#### H. Financial Disclosure

Board members (and officers and employees of the Corporation) shall file annual financial disclosure statements as required by section seventy-three-a of the public officers law and Section 2825 of the public authorities law.

#### I. Credit or Personal loans

The Board shall not, directly or indirectly, including through any subsidiary, extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any officer, board member or employee (or equivalent thereof) of the Corporation.

### **III. Access to Management, Employees and Independent Advisors**

#### A. Access to Management

The Board shall have complete access to management and other Corporation employees to ensure that directors can ask questions and gather the information necessary to fulfill their duties. The Board may specify a protocol for making such inquiries. The Board encourages management to invite Corporation personnel to any Board meeting at which their presence and expertise would be helpful to the Board in considering matters under discussion.

#### B. Access to Independent Advisers

As necessary or appropriate to fulfill their duties, the Board and its committees shall have the power to hire independent legal, financial, accounting and other advisors, the cost of which shall be borne by the Corporation.

### **IV. Director Compensation and Other Payments**

No director shall receive, directly or indirectly, any salary, compensation or emoluments from the Corporation, in any capacity. Each director shall be entitled to reimbursement for his or her actual and necessary expenses incurred in the performance of his or her duties as a director.

### **V. Committee Matters**

#### A. Number and Type of Committees

From time to time, the Board may want to form new committees or disband an existing committee depending upon the circumstances. The Board, however, will have at all times an Audit Committee and a Governance and Compensation Committee.

#### B. Composition of Committees and Committee Chairman

Both the Audit and Governance and Compensation Committees will consist solely of independent directors. Other directors may participate on these Committees as observers. The Board, after considering the desires of individual directors, is responsible for the appointment of committee members and committee chairmen according to criteria that it determines to be in the best interest of the Corporation.

#### C. Frequency, Length and Agenda of Committee Meetings

The committee Chairman, in consultation with committee members, will determine the frequency and length of the meetings of the committee, and the agenda for the meetings.

#### D. Charters

Each of the Audit and Governance and Compensation Committee will have its own charter which will be approved by the full Board. The charter will, among other things, set forth the purposes and duties of the committee.

## **VI. Director Training**

Individuals appointed to the Board are required by Section 2824 of the Public Authorities Law to participate in state approved training regarding their legal, fiduciary, financial and ethical responsibilities as directors of a public authority within one year of appointment to the Board. Board members are also required to participate in continuing training as may be required to remain informed of best practices, regulatory and statutory changes relating to the effective oversight of the management and financial activities of the Corporation and to adhere to the highest standards of responsible governance. The Corporation may provide additional training to directors from time to time regarding their legal, fiduciary and ethical responsibilities.

## **VII. Management**

### **Roles of Chairman and Chief Executive Officer**

As provided in the By-laws, one of the directors appointed by the Mayor shall be designated by the Mayor as Chairman of the Board, and after consultation with the Mayor, the Chairman shall appoint a President and Chief Executive Officer, who shall not be a director. The roles of Chairman and Chief Executive Officer should be separate and shall be in accordance with the By-laws. The By-laws state that the President shall be the Chief Executive Officer of the Corporation and shall have general supervision over the business of the Corporation and over its officers, employees and agents.

## **VIII. Reporting of Concerns**

Any director who has a concern about the Corporation's accounting, internal accounting controls or auditing matters may communicate that concern directly to any director or to the Chairman of the Audit Committee, with a copy of such communication delivered to the Chairman of the Board. Such communications may be confidential or anonymous, and may be e-mailed, or submitted in writing, or by any other customary means. All such concerns will be forwarded to the appropriate directors for their review and will be simultaneously reviewed and addressed by the appropriate officers of the Corporation pursuant to the Corporation's policies and procedures.

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1. As used herein, "Chairman of the Board" is a gender-neutral term.

2. Policy Guidance No. 07-01 on Independence of Board Members, issued by the New York State Authority Budget Office on March 1, 2007, states that "an appointed director may be an employee of a county or local government and have some professional involvement with the public authority and still be independent. However, if a board member (1) is a member of a legislative body, or (2) is the chief executive officer, or (3) holds a policymaking position with a municipal government, that board member would not be independent if the public authority pays the municipal government \$15,000 or more annually for goods and services that are provided to the public authority by the municipal government."