

# Trellis Bioscience LLC Financial Conflict of Interest (FCOI) Policy

## PURPOSE

The purpose of this policy is to document the requirements and responsibilities associated with identifying and managing financial conflicts of interest to safeguard the integrity of Trellis Bioscience LLC (Company) research and to comply with federal regulations.

This policy has been developed to address and comply with the specific federal agency requirements as defined in the 2011 Revised Financial Conflict of Interest Regulation, Promoting Objectivity in Research (42 CFR part 50 subpart F). This regulation was developed to promote objectivity in research by establishing standards that provide a reasonable expectation ensuring the design, conduct and reporting of research funded under National Institutes of Health (NIH) grants or cooperative agreements will be free from bias resulting from Investigator financial conflicts of interest. An electronic version of the regulation is found at <http://www.gpo.gov/fdsys/pkg/FR-2011-08-25/pdf/2011-21633.pdf>.

## SUMMARY OF PROCESS

Significant Financial Interests (SFI) (as defined below) shall be disclosed on the Significant Financial Interest Disclosure Form (Exhibit 1) by an Investigator requesting government-sponsored or company-sponsored funds for a research project or by an Investigator when a Significant Financial Interest arises during the course of research.

It is the Principal Investigator's responsibility to ensure those with financial interests in research are identified and make the required disclosures in conjunction with submission of a research proposal or application for human subjects' approval.

The Significant Financial Disclosure Form and supporting materials are forwarded to the Chief Operating Officer (COO) for review. The COO will be responsible for evaluating and instituting a plan for managing any disclosed financial interests, for producing company reports and other required reports to external sponsors and governmental agencies, and for the general administration and enforcement of this policy.

Advance approval by the COO is required prior to engaging in government-sponsored research. If a SFI is identified, a SFI review must be completed before any expenses are incurred under an award.

Annual updates are required of all Investigators and key personnel participating in research for which an SFI has been reported. Any Investigator who has acquired a new or increased financial interest during the course of a research project shall report it immediately to the COO. Annual updates and newly acquired interests are reported using the Significant Financial Interest Disclosure Form.

## TRAINING

The NIH Financial Conflict of Interest tutorial was designed by the National Institutes of Health (NIH) to provide education training on what constitutes financial conflict of interest. This course is required for all Principal Investigators (PI's) in the Company. It is incumbent on the PI to inform those working on grants under their direction of the requirements and to require submission of an SFI Disclosure Form if a conflict is identified.

The course is accessible at <http://grants.nih.gov/grants/policy/coi/tutorial2011/fcoi.htm>. Upon completion of the training, a certificate of completion must be turned into the COO. You should retain a copy for your records. This training is required prior to engaging in research relating to any NIH-funded grant. At a minimum, the FCOI training shall be taken every three (3) years.

## KEY DEFINITIONS

The following definitions are provided as a reference and are considered key definitions in understanding the federal regulations of FCOI. A complete list of official definitions can be found at 42 CFR 50.603.

**Institution** – means any domestic or foreign, public or private, entity or organization (excluding a Federal agency) applying for, or receiving NIH research funding.

**Investigator** – means the project director or principal investigator who is or will be responsible for research funded by the NIH.

**Institutional responsibilities** – means an Investigator’s professional responsibilities on behalf of the Institution, and as defined by the Institution, including but not limited to, activities such as research, research consultation, and service on panels such as Institutional Review Boards or Data and Safety Monitoring Boards.

**Financial interest** – means anything of monetary value, whether or not the value is readily ascertainable.

**Financial conflict of interest (FCOI)** – means a significant financial interest that could directly and significantly affect the design, conduct, or reporting of NIH-funded research.

**Manage** – means taking action to address a financial conflict of interest, which can include reducing or eliminating the financial conflict of interest, to ensure, to the extent possible, that the design, conduct, and reporting of research will be free from bias.

**Significant Financial Interest (SFI)** –

(1) A financial interest consisting of one or more of the following interests of the Investigator (and those of the Investigator’s spouse and dependent children) that reasonably appears to be related to the Investigator’s institutional responsibilities:

(i) With regard to any publicly traded entity, a significant financial interest exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure and the value of any equity interest in the entity as of the date of disclosure, when aggregated, exceeds \$5,000 (ii) With regard to any non-publicly traded entity, a significant financial interest exists if the value of any remuneration received from the entity in the twelve months preceding the disclosure, when aggregated, exceeds \$5,000, or when the Investigator (or the Investigator’s spouse or dependent children) holds any equity interest (e.g. stock, stock option, or other ownership interest); or (iii) Upon receipt of income related to intellectual property rights and interests (e.g. patents, copyrights)

(2) Investigators also must disclose the occurrence of any reimbursed or sponsored travel (i.e., that which is paid on behalf of the Investigator and not reimbursed to the Investigator so that the exact monetary value may not be readily available), related to their institutional responsibilities, provided, however, that this disclosure requirement does not apply to travel that is reimbursed or sponsored by excluded sources provided in regulation. For example, if the PI travels to a scientific seminar but does not pay or receive reimbursement by the Company directly (i.e. the travel was paid for by a third party/sponsor), the PI is required to disclose basic information to the Company relating to the trip, such as purpose of the trip, identify of the payer/sponsor, destination and duration. The Company is required to determine if additional information is required (e.g. monetary value) and whether the travel constitutes a FCI with NIH-funded research.

(3) The term *significant financial interest* does not include the following types of financial interests:

(i) salary, royalties, or other remuneration paid by the Institution to the Investigator if the Investigator is currently employed or otherwise appointed by the Institution; (ii) intellectual property rights assigned to the Institution and agreements to share in royalties related to such rights; (iii) any ownership interest in the Institution held by the Investigator, if the Institution is a commercial or for-profit organization; (iv)

income from investment vehicles, such as mutual funds and retirement accounts, as long as the Investigator does not directly control the investment decisions made in these vehicles;

(v) income from seminars, lectures, or teaching engagements sponsored by a federal, state or local government agency, an Institution of higher education as defined at 20 U.S.C. 1001(a), an academic teaching hospital, a medical center, or a research institute that is affiliated with an Institution of higher education; or (vi) income from service on advisory committees or review panels for a federal, state or local government agency, Institution of higher education as defined at 20 U.S.C. 1001(a), an academic teaching hospital, a medical center, or a research institute that is affiliated with an Institution of higher education.

## PROCEDURES

A. Identification of Persons Required to Disclose a Significant Financial Interest - It shall be the responsibility of the COO identify all Investigators who have a SFI requiring disclosure under this policy and to ensure that a SFI Disclosure Form is prepared and submitted. In addition, the Principal Investigator shall be responsible for ensuring that annual updates and disclosures of new or increased financial interests are disclosed. Further, it is the responsibility of the Principal Investigator to identify all other participants in their programs who have a SFI requiring disclosure under this policy and to ensure that a SFI Disclosure Form is prepared and submitted.

B. Submission and Review of Significant Financial Interest Disclosure Form - Every individual having a SFI requiring disclosure under this policy shall prepare a fully-completed SFI Disclosure Form that shall be submitted to the COO. An initial review of the SFI Disclosure Form will be conducted by the COO to determine whether a potential for conflict of interest exists. If it is determined that there is a potential conflict of interest, then steps will be taken to determine what measures are needed to address the SFI identified in the SFI Disclosure Form. A management plan may be required to outline the terms, conditions and restrictions, if any, to ensure compliance with this policy. The management plan may require one or more of the following actions (but not limited to) to be taken in order to manage, reduce or eliminate any actual or potential conflict of interest:

- Public disclosure of significant financial interests;
- Review of research protocols by independent reviewers;
- Monitoring of research by independent reviewers;
- Modification of research plan;
- Disqualification from participation in all or a portion of the research funded;
- Divestiture of significant financial interests;
- Severance of relationships that create actual or potential conflicts

All management plans are required to be signed by the Principal Investigator and the COO. Compliance of the management plan shall be monitored by the COO.

C. Violations of Conflict of Interest Policy – Investigators are expected to comply fully and promptly with this policy. Whenever a person has violated this policy, including failure to make a required disclosure of financial interests or failure to comply with a requirement of the management plan, the COO shall make recommendations to the Chief Executive Office regarding the impositions of sanctions or disciplinary proceedings against the violating individual.

In addition, the Company shall follow Federal regulations regarding the notification of the sponsoring agency in the event an Investigator has failed to comply with this policy. The federal agency may take its own action as it deems appropriate, including the suspension of the funding for the Investigator until the matter is resolved.

D. Record Keeping – Records of Investigator SFI Disclosure forms, and of actions taken to manage actual or potential conflicts of interest, shall be retained by the Human Resources Department for three (3) years from the date the final expenditure report is submitted to the NIH, or as required by 45 CFR 74.53(b) and 92.42(b) for different situations.

E. Sub-recipient Requirements – The Principal Investigator must ensure that Sub-award recipients comply with this policy. If a SFI is identified by the sub-award recipient, they are required to notify the COO of the existence of the conflicting interest within 30 days of the identification of the interest. In addition, the sub-award recipient must certify and assure that any reported conflicting interest has been managed, reduced or eliminated in accordance with federal regulations.

F. Federal Reporting – The COO is responsible for the reporting disposition of matters involving disclosures of SFI in accordance with applicable federal requirements. The following reports are required by the NIH:

i. Initial report – prior to the Company's expenditure of any funds under a NIH-funded research project, the Company must provide to the NIH an FCOI report regarding any Investigator SFI found by the Company to be a financial conflict of interest in accordance with the regulation.

ii. During on-going NIH-funded research projects – the Company shall submit an FCOI report within 60 days after its determination that a new FCOI exists. If a FCOI was not disclosed timely, the Company shall submit a FCOI report to the NIH within 60 days of the discovery, as well as complete a retrospective review within 120 days of discovery of noncompliance.

iii. Annual FCOI report – For any FCOI previously reported to the NIH, the Company shall provide an annual FCOI report addressing the status of the FCOI and any changes to its related management plan.

# Exhibit 1

## Conflict of Interest Disclosure Form

**Note:** A potential or actual conflict of interest exists when commitments and obligations are likely to be compromised by the nominator(s)' other material interests, or relationships (especially economic), particularly if those interests or commitments are not disclosed.

This Conflict of Interest Form should indicate whether the nominator(s) has an economic interest in, or acts as an officer or a director of, any outside entity whose financial interests would reasonably appear to be affected by the addition of the nominated condition to the newborn screening panel. The nominator(s) should also disclose any personal, business, or volunteer affiliations that may give rise to a real or apparent conflict of interest. Relevant Federally and organizationally established regulations and guidelines in financial conflicts must be abided by. Individuals with a conflict of interest should refrain from nominating a condition for screening.

Date:

Name:

Position:

Please describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe could contribute to a conflict of interest:

\_\_\_\_\_ I have no conflict of interest to report.

\_\_\_\_\_ I have the following conflict of interest to report (please specify other nonprofit and for-profit boards you (and your spouse) sit on, any for-profit businesses for which you or an immediate family member are an officer or director, or a majority shareholder, and the name of your employer and any businesses you or a family member own:

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

I hereby certify that the information set forth above is true and complete to the best of my knowledge.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_