Policy for Managing Conflicts of Significant Financial Interests

I. INTRODUCTION

A. GENERAL POLICY

The principles articulated herein are intended to provide guidance in the management of formal relationships between employees of Naprogenix, Inc. ("Naprogenix") and their external constituencies in order to ensure that the design, conduct, and reporting of sponsored research will not be biased by any conflicting financial interests. Sponsored research includes funding support (grants/cooperative agreements/contracts) from Public Health Service (PHS), HHS (United States Department of Health and Human Services), National Institute of Health (NIH), and any other entity (Federal, state, or organization) outside of Naprogenix. PHS refers to

Public Health Service of the U.S. Department of Health and Human Services, and any components of the PHS to which the authority involved may be delegated, including the National Institutes of Health (NIH).

This Financial Conflict of Interest (FCOI) policy is to adhere with the Public Health Service (PHS) and National Institutes of Health (NIH) Federal regulations as outlined in 42 CFR 50, Subpart F, "*Responsibility of Applicants for Promoting Objectivity in Research for which PHS Funding is Sought*" along with the additional requirements of the 2011 Revised Financial Conflict of Interest (FCOI) Regulation amending the 1995 PHS regulation (and the companion regulation at 45 CFR 94, "*Responsible Prospective Contractors*," imposing similar requirements for research contracts) as published in Federal Register (July 11, 1995 and August 25, 2011) and NIH Grants Policy Statement.

Under PHS final rules on *Objectivity in Research* (Federal Register, July 11, 1995 and August 25, 2011), each investigator is required to disclose a listing of her/his *Significant Financial Interests* (SFI), as well as those of his/her spouse and dependent children, that would reasonably appear to be affected by the research proposed for funding by PHS. If, after review of these disclosures, it is determined that the reported financial interests could directly and significantly affect the design, conduct, or reporting of the research, Naprogenix will report the existence of such conflicting interests to the sponsor and act to protect the resulting research from bias owing to the conflict of interest. This policy statement is intended to satisfy current Federal rules for disclosure with regard to projects funded by PHS as well as other Federal agencies and State of Kentucky statutes involving conflict of interest situations.

B. SCOPE

This policy and the associated procedures are applicable to all sponsored research program activity at Naprogenix, Inc. carried out by Naprogenix employees, investigators, consultants, scientists, trainees, technicians and other agents or research collaborators as well as to any research subrecipients, consortium, subawards, and subcontracts with research institutes, consortiums, and universities regardless of job title. These procedures will be followed whenever Naprogenix, Inc. or its employees submit a request for funding from any external agency, whether it is PHS or another Federal/State agency.

C. PURPOSE

The purpose of this policy on Financial Conflict of Interest (FCOI) is to follow the PHS & NIH Federal regulations of having an up-to-date, written and enforced administrative process to identify and manage FCOI that shall 1) promote and enforce investigator compliance with regulations; 2) manage FCOI and provide initial and ongoing FCOI reports; 3) agree to make FCOI and SFI information (including related Institutional reviews and determinations) available to PHS or other Federal/State agency, promptly, upon request; and 4) fully comply with regulation's requirements.

D. RESEARCH AND THE MISSION STATEMENT

The Mission Statement for Naprogenix, Inc. states:

Harnessing the power of genomics and high throughput molecular pharmacological screens to access the chemical diversity of native plant species and known medicinal plants. The purpose is to discover novel active compounds useful in their own right, or as leads for agrochemicals, food, health, and well-being industries.

Such Naprogenix research is facilitated and made possible through external funding from public and private sources. It is Naprogenix's responsibility to assure the integrity of all aspects of such sponsored research while, simultaneously, taking care not to discourage the development of external funding opportunities. The purpose of this document is to identify situations where potential conflicts of significant financial interest are likely to arise and to establish a process whereby such conflicts are either avoided or at least equitably resolved to the satisfaction of all concerned parties.

E. MANAGING CONFLICTS OF SIGNFICANT FINANCIAL INTEREST

This document articulates Naprogenix policy on the management or elimination of conflicts of significant financial interest between outside constituencies and the associated funded activities carried out by Naprogenix. While this policy focuses upon avoiding or at least managing, conflicts of significant financial interest, its primary purpose is to promote compliance with the standards of Objectivity in Research (42 CFR Part 50 Subpart F).

II. DEFINITIONS

A. *Conflict of Significant Financial Interest* is considered to occur whenever a Naprogenix employee, or a family member (specifically investigator's spouse and dependent children) of Naprogenix employee, has an existing or potential financial or other material interest that impairs, or appears to impair, Naprogenix employee's independence and objectivity in the discharge of his/her responsibilities to and/or for Naprogenix; or, alternatively, conflict of significant financial interest is considered to occur whenever a Naprogenix employee receives financial or other material benefit through inappropriate use of knowledge or information confidential to Naprogenix.

B. *Naprogenix Employee* is any individual employed on a full- or part-time basis by Naprogenix, Inc. and is receiving, or will receive, compensation for such employment. (Includes Consultants, Agents, and Research Collaborators of Naprogenix).

C. *Investigator* is the principal investigator, project director, co-principal investigators, subrecipient investigators, collaborators, senior/key personnel, or any other person, regardless of title or position, including Naprogenix employees, subgrantees, contractors, consortium participants, collaborators, or consultants who is responsible for the design, conduct, or reporting of externally funded scientific research activities. For the purpose of 42 CFR Part 50 Subpart F requirements, "Investigator" includes the investigator's spouse and dependent children.

D. *Family Member* includes Naprogenix employee's spouse and children or other adults who qualify as dependents under the Internal Revenue Code definitions.

E. *Institution* refers to any domestic or foreign, public or private, entity or organization (excluding a Federal agency) that is applying for, or that receives PHS research funding. Naprogenix is considered the Institution in this policy.

F. *Small Business Innovation Research (SBIR) Program* means the extramural research program for small business that is established by the Awarding Components of the Public Health Service and certain other Federal agencies under Pub. L. 97-219, the Small Business Innovation Development Act, as amended. For purposes of 42 CFR Part 50 Subpart F, the term SBIR Program includes the Small Business Technology Transfer (STTR) Program, which was established by Pub. L. 102-564

G. *Research* means a systematic investigation designed to develop or contribute to generalizable knowledge relating broadly to public health, including behavioral and social-sciences research as described in 42 CFR Part 50 Subpart F. This term encompasses basic and applied research and product development.

H. *Project* implies any externally funded activity such as basic, applied, or developmental research, or other activity conducted by Naprogenix employees on behalf of Naprogenix.

I. *Significant Financial Interest (SFI)* is defined by Federal regulations as:

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. For purpose of this definition, remuneration includes salary and any payment for services not otherwise identified as salary (e.g., consulting fees, honoraria, paid authorship); equity interest includes any stock, stock option, or other ownership interest, as determined through reference to public prices or other reasonable measures of fair market value;
    ii. With regard to any non-public 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. Intellectual property rights and interests (e.g., patents, copyrights), upon receipt of income related to such rights and interests.

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 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. The institution's FCOI policy will specify the details of this disclosure, which will include, at a minimum, the purpose of the trip, the identity of the sponsor/organizer, the destination, and the duration. In accordance with the Institution's FCOI policy, the Institutional official(s) will determine if further information is needed, including a determination or disclosure of monetary value, in order to determine whether the travel constitutes an FCOI with the PHS-funded research.

3) The term *Significant Financial Interest* does not include the following types of financial interests: salary, royalties, or other remuneration paid by the Institution to the investigator if the investigator is currently employed or otherwise appointed by the institution, including intellectual property rights assigned to the institution and agreements to share in royalties related to such rights; any ownership interest in the institution held by the investigator, if the institution is a commercial or for-profit organization; 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; 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 income from service on advisory committees or review panel for a Federal, state, or local government agencies, 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.

J. *Financial Conflict of Interest (FCOI)* is a Significant Financial Interest (SFI) that an investigator or subrecipient investigator has (including their spouse and dependent children) that could directly and significantly affect the design, conduct, or reporting of PHS or other externally funded research.

K. *Disclosure* refers to the investigator's disclosure of Significant Financial Interests (SFIs) to their Institution.

L. *Negative Finding* means a determination has been made that no conflict of significant financial interest exists.

M. *Positive Finding* means a determination has been made that a conflict of significant financial interest does exist and, therefore, appropriate administrative action will be required as given under III. I below.

III. POLICY AND PROCEDURE STATEMENTS

A. MANDATORY DISCLOSURE OF SIGNIFICANT FINANCIAL INTERESTS

In accordance with relevant Federal (42 CFR 50.603 and 42 CFR 50.604(e)(1)-(3)) and State of Kentucky regulations, Naprogenix is required to manage, eliminate, or reduce any potential conflicts of significant financial interest that may be inherent in the personal financial interests of an investigator and those of the investigator's spouse and dependent children. Naprogenix, therefore, requires investigators to disclose to Naprogenix, any significant financial interest, including those of her/his family members, which would reasonably appear to be affected by the project being funded by external government agencies. Investigators are required to provide

updated disclosure information during the time period in which the proposal is pending (no later than at the time of application for PHS and externally funded research), annually during the time period of an award, or within 30 days of discovering or acquiring new significant financial interests by the investigator.

B. PROCEDURE FOR DISCLOSURE OF SIGNIFICANT FINANCIAL INTERESTS

In accordance with relevant Federal (42 CFR 50.603 and 42 CFR 50.604(e)(1)-(3)) and State of Kentucky regulations, Naprogenix will provide a Disclosure Statement Form to all investigators to disclose to Naprogenix any significant financial interest, including those of her/his family members. On the Disclosure Statement Form, the investigator is required to certify that:

- Investigator has read and understands their responsibilities under Naprogenix's Code of Conduct of this FCOI Policy, relevant Governing Regulations, Administrative Regulations, and other applicable Naprogenix policies
- Investigator's disclosure is accurate and complete to the best of their knowledge
- Investigator agrees to update their disclosure with thirty (30) days of acquiring a new financial interest that reasonably appears related to their institutional responsibilities

A Disclosure Statement Form will be provided by the designated FCOI Compliance official (FCOI-POC) to all investigators during the required time frames when disclosures are required by Federal regulations as outlined therein this Naprogenix's FCOI policy to manage FCOI. All investigators are to return the completed and signed Disclosure Statement Form to the FCOI-POC within seven (7) days of receiving the Disclosure Statement Form or within the timeframe to fulfill the Federal regulations mandates in regards to disclosure of SFIs.

C. MANDATORY NOTICE TO INVESTIGATORS ABOUT FCOI POLICY

In accordance with Federal (42 CFR 50.604(b)) regulations, Naprogenix will formally notify all investigators either via email or other forms of written documentation on Naprogenix's FCOI policy and the requirements to adhere to the FCOI policy. These formal notices will be sent by a designated Naprogenix business officer (FCOI-POC) and will be sent at least once year or prior to engaging in research related to any newly awarded PHS/externally funded grant or cooperative agreement.

D. MANDATORY FCOI TRAINING POLICY AND PROCECURES

In accordance with Federal (42 CFR 50.604(b)) regulations, Naprogenix requires each investigator to complete training related to FCOI and/or other FCOI-related requirements prior to engaging in research related to any PHS/externally-funded grant, at least every four years, or immediately under designated circumstances. Designated circumstances include the following: 1) Institution revises its FCOI policy that affects requirements of investigators, 2) investigator is new to an Institution, or 3) investigator is not in compliance with the policy or management plan. The latest NIH

FCOI training materials available as a resource for the regulatory training requirement can be accessed through the NIH Financial Conflict of Interest webpage at http://grants.nih.gov/grants/policy/coi/. Upon completing the NIH FCOI training modules, each investigator is to successfully complete the certification testing and submit successfully completed certification documentation to the Naprogenix business office to be place on file.

E. DESIGNATE INSTITUTIONAL FCOI COMPLIANCE OFFICIAL(S)

In accordance with Federal (42 CFR 50.604(d)) regulations, Naprogenix will appoint designated personnel and business officer(s) to be the Institutional FCOI Compliance official(s). The Institutional FCOI Compliance official(s) will be responsible to solicit and review disclosures of significant financial interests (SFI) of the investigator (and those of the investigator's spouse and dependent children) related to an investigator's institutional responsibilities. One Institutional FCOI Compliance official will be designated as the official point of contact (POC) to report any positive FCOI finding to the PHS/NIH/other externally funding agencies. FCOI Compliance officials will comprise one business officer who is not an investigator (or spouse/dependent child of investigator) and one Naprogenix board member who is not an investigator (or spouse/dependent child of investigator).

F. ESTABLISH WRITTEN GUIDELINES FOR INSTITUTIONAL FCOI COMPLIANCE OFFICIAL(S) TO DETERMINE FCOI

In accordance with Federal (42 CFR 50.604(f)) regulations, Naprogenix will provide adequate guidelines consistent with the Federal regulations for the institutional FCOI Compliance official(s) to follow in determining whether an investigator's SFI is related to PHS/HHS/NIH-funded research and, if so related, whether the SFI is an FCOI. These required guidelines are incorporated therein this current Naprogenix's FCOI policy to manage FCOI.

G. PROCEDURES FOR MANDATORY PROCESS FOR FCOI REVIEW

In accordance with Federal 42 CFR 50.605(a)(1), 42 CFR 50.605(a)(2), and 42 CFR 50.605(a)(3)(i)–(iii), 42 CFR 50.604 (g), and 42 CFR 50.605(a)(4) regulations, Naprogenix has established the following mandatory process requiring the designated institutional FCOI Compliance official(s) to follow, prior to Naprogenix's expenditure of funds: 1) Review all investigator SFI disclosures including Naprogenix's investigators as well as subrecipient investigators whom are either new investigators new to participating in the research project or existing investigators who discloses a new SFI, 2) Determine if any SFIs relate to PHS/external-funded research, 3) Determine if an FCOI exists (SFI that could directly and significantly affect the design, conduct, or reporting of the NIH-funded research), 4) Develop and implement management plans, as needed to manage FCOIs, and 5) Continued monitoring of investigator's compliance with management plans until completion of the project. Whenever Naprogenix identifies an SFI that was not disclosed timely manner by an investigator or not previously reviewed by the Institution, then within

sixty days of the discovery of the SFI, then designated institutional FCOI Compliance official(s) will review disclosure of SFI, make determination of FCOI, and implement a management plan for the FCOI. Naprogenix FCOI Compliance officials are to use the definition for SFI and FCOI as outlined in Section II Definitions according to Federal regulations as guidelines to determine if SFI is FCOI.

H. IDENTIFICATION OF CONFLICTS OF SIGNIFICANT FINANCIAL INTEREST

In conjunction with the administrative review of applications for external sponsored funding (grants, cooperative agreements, or contracts), Institutional FCOI Compliance official(s) will review each Financial Disclosure submitted and shall make the determination of whether or not a conflict of significant financial interest exists based on the definition for SFI and FCOI as outlined in Section II Definitions according to Federal regulations as guidelines to determine if SFI is FCOI. If the Institutional FCOI Compliance official(s) determines that no conflict of significant financial interest exists, then the resulting negative finding will be filed in Naprogenix's business office. For negative findings no further review is required.

I. APPEAL OF POSITIVE FINDINGS

Investigators may appeal a resulting positive finding to the President and/or Corporate Board of Directors for a review of conflict of significant financial interest determination reached by the Institutional FCOI Compliance official(s). The review of an appealed positive finding must be completed prior to the expenditure of any funds under an award. In reviewing positive findings, the President and/or Corporate Board of Directors will be guided by the following principles: 1) Assure adherence to all relevant Naprogenix policies and Federal & State Regulations; 2) Give full consideration to the nature and extent of the financial interests in the relationship of the investigator, and/or the investigator's family members, with the external constituencies; 3) Give special consideration to the terms and conditions of sponsored project agreements that mitigate or complicate the given situation; and 4) Consult fully with the investigator and obtain additional information from the investigator, as deemed appropriate to the management of the apparent conflict of significant financial interest.

J. MANAGING POSITIVE FINDINGS OF SIGNIFICANT FINANCIAL INTEREST

Following the determination of a positive finding, or upon receipt of the review by Institutional FCOI Compliance official(s) shall make a final determination involving one of the following administrative actions: 1) Accepting the sponsored project award with the FCOI removed; 2) Not accepting the sponsored project award; or 3) Accepting the sponsored project award subject to suitable modifications in the award documentation or in the investigator's, or his/her family's, affiliation with the external constituencies involved. Reasonable modifications under option 3) above might include one or more of the following actions: 1) Requiring that public disclosure of the identified financial interests be made; 2) Requiring that the data and research results be reviewed by independent reviewers identified by the President and the

investigator; 3) Requiring that the research plan be modified; 4) Requiring that the investigator be disqualified from participation in a portion of the research; 5) Requiring that the investigator and/or his/her family member(s) divest certain significant financial interests related to the positive finding; or 6) Requiring that the investigator and/or his/her family member(s) sever relationships that create the conflict of significant financial interest.

K. MANDATORY SUBRECIPIENT FCOI REPORTING

In accordance with Federal 42 CFR 50.604(c), NIH Grants Policy Statement 15.2.1, and 42 CFR 50.604(c)(1)(i)-(iii) regulations, Naprogenix requires all subrecipients on Federally/State funded projects to comply with all Federal and State regulations concerning disclosure of FCOI. Naprogenix will establish, via a written agreement, whether the subrecipient will follow the FCOI policy of the awardee Institution or the FCOI policy of the subrecipient within the written subcontract agreement. If applicable, obtain a certification from the subrecipient that its FCOI policy complies with the regulation. If applicable, include in the written subrecipient agreement a requirement for the subrecipient to report identified FCOIs for its Investigators in a time frame that allows the awardee Institution to report identified FCOIs to the NIH as required by the regulation. Alternatively, if applicable, include in the written agreement a requirement to solicit and review subrecipient Investigator disclosures that enable the awardee Institution to identify, manage and report identified FCOIs to the NIH.

L. PROCEDURES FOR MANDATORY FCOI REPORTING TO NIH

In accordance with Federal 42 CFR 50.604(h), 42 CFR 50.605(b), 42 CFR 50.605(a)(3)(iii), and 42 CFR 50.606(a) regulations, Naprogenix has established the following mandatory process to file initial, annual (ongoing), and revised FCOI reports to the NIH for the Institution and its subrecipients. All FCOI reporting must be submitted through *Electronic Research Administration (eRA) Commons FCOI Module – FCOI Reporting Tool* which is accessed via NIH eRA Commons website by the designated FCOI Compliance POC officer. All required FCOI report submission to the NIH must be filed according to the following timelines:

- Prior to the expenditure of funds
- Within 60 days of identification for an investigator who is newly participating in the project
- Within 60 days for new, or newly identified, FCOIs for existing investigators
- At least annually (at the same time as when the Institution is required to submit the annual progress report, multi-year progress report, if applicable, or at time of extension) to provide the status of the FCOI and any changes to the management plan, if applicable, until the completion of the project.
- Following a retrospective review to update a previously submitted report, if appropriate.

All FCOI reports required must contain the following elements as outlined by Federal regulations:

- The name of the investigator with the FCOI
- The name of the entity with which the investigator has an FCOI
- The nature of the Significant Financial Interest (SFI)
- The value of the financial interest
- Description of how the financial interest relates to the NIH-funded research and why Naprogenix determined that the financial interest conflicts with such research
- Description of the key elements of the Naprogenix's management plan, including other required information
- A verification that Naprogenix is submitting an FCOI report that is in compliance with the 2011 revised Federal regulations to make sure FCOI reports includes any failure to comply with FCOI regulations.

All FCOI Management Plans required must contain the following elements as outlined by Federal regulations:

- Role and principal duties of the conflicted investigator in the research project
- Conditions of the management plan
- How the management plan is designed to safeguard objectivity in the research project
- Confirmation of the investigator's agreement to the management plan
- How the management plan will be monitored to ensure investigator compliance
- Other information as needed.

<u>Mitigation Report</u>

- If bias is found with the design, conduct or reporting of NIH-funded research following a retrospective review, then Naprogenix is required to promptly submit a Mitigation Report to NIH in accordance with Federal regulations.
- Purpose of Mitigation Report is to describes Naprogenix's plan of action or actions taken to eliminate or mitigate the effect of the bias.
- Mitigation Report must contain the following elements as outlined by Federal regulations: Project Number, Project Title, Contact PI/PD, Name of Investigator with FCOI, Name of Entity with FCOI, Reason for review, Detail Methodology, Findings and Conclusion. Furthermore, the Mitigation Report must include 1) Key elements documented in the retrospective review, 2) Description of the impact of the bias on the research project, and 3) Naprogenix's plan of action or actions taken to eliminate or mitigate the effect of the bias.

Report on Investigator Failure to Disclose FCOI

If investigator fails to comply with Naprogenix's FCOI policy or a FCOI management plan appears to have biased the design, conduct, or reporting of the NIH-funded research, then Naprogenix is required to promptly submit a FCOI Report to NIH in accordance with Federal regulations to notify the NIH of the non-compliance of the investigator.

Rescind FCOI Report

The purpose of Rescind FCOI Reports is to correct any FCOI Reports submitted in error. If the following situation occurs, then Rescind FCOI Reports: Submission of a duplicate report; incorrect name of investigator with FCOI, incorrect name of the entity, submission of incomplete report, or any other discovered errors within the previously submitted FCOI Reports, The following steps are to be taken in order to Rescind FCOI Report: 1) Contact the Grants Management Specialist (GMS) noted on the most recent Notice of Award (NoA), 2) Request the NIH Institute & Center (IC) to rescind the report, and 3) Provide an explanation why the report should be rescinded.

Submission of all FCOI Reports

All FCOI reports should be submitted by the designated Naprogenix FCOI Officer. FCOI reports for NIH grants and NIH cooperative agreements should be submitted through the NIH eRA Commons FCOI Module. For NIH contracts, contact the NIH Contracting Officer identified on the contract.

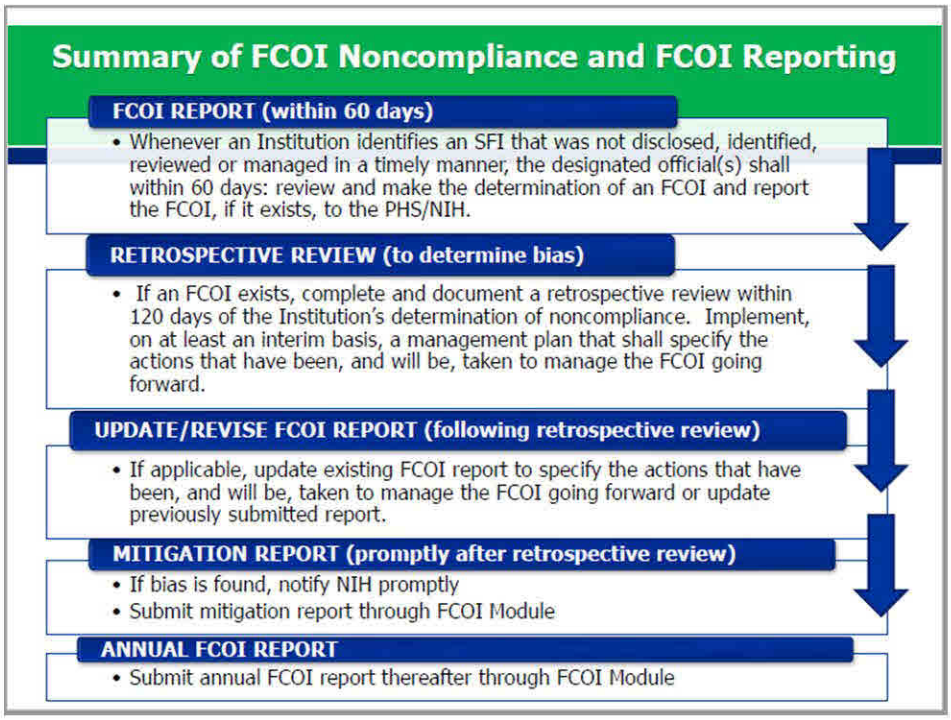
The following chart outlines the additional required element required in the various FCOI reports with submission time requirements (Chart Source: https://videocast.nih.gov/pdf/fcoi113011.pdf)

REQUIRED FCOI REPORTS TO BE PROVIDED TO NIH THROUGH eRA COMMONS FCOI MODULE		
Report	**Content**	**Required when?**
Initial FCOI Report	Grant Number, PI, Name of Entity with FCOI, Nature of FCOI, Value of financial interest (in increments), Description of how FI relates to research, Key Elements of Management Plan.	(1) Prior to expenditure of funds (2) Within 60 days of any subsequently identified FCOI
Annual FCOI Report	Status of FCOI and Changes to Management Plan	Annual report due at same time as when submitting annual progress report or at time of extension.
Revised FCOI Report	If applicable, update a previously submitted FCOI report to describe actions that will be taken to manage FCOI going forward.	After completion of retrospective review, if needed.
Mitigation Report	Project Number, Project Title, Contact PI/PD, Name of Investigator with FCOI, Name of Entity with FCOI, Reason for review, Detail Methodology, Findings and Conclusion.	When bias is found as a result of a retrospective review.

FCOI report <u>is not required if the conflicting interest is eliminated prior</u> to the expenditure of NIH awarded funds.

M. <u>NON-COMPLIANCE POLICY AND PROCEDURES</u>

Non-compliance is defined by Federal regulations (42 CFR Part 50 Subpart F) as 1) failure by the Investigator to disclose an SFI, 2) failure by the Institution to review or manage an FCOI, or 3) failure to comply with the management plan. If any of the previous non-compliance conditions occur, then Naprogenix will immediate file one of the following corrective actions within the NIH eCommons Online FCOI Module: Address whether the Retrospective Review was completed; submit a Mitigation Report when bias is found following the completion of the Retrospective Review; or submit a revised FCOI Report, if needed, to update the previously submitted FCOI information or specify the actions that will be taken to manage the FCOI going forward.



(Chart Source: https://videocast.nih.gov/pdf/fcoi113011.pdf)

N. <u>COMPLIANCE ENFORCEMENT POLICY AND PROCEDURES</u>

In accordance to Federal regulations, 42 CFR 50.604(j), 42 CFR 50.605(a)(3), and 42 CFR 50.606(c), Naprogenix has established the following policy and procedures on enforcement mechanisms, remedies, and noncompliance of FCOI policy. If an investigator who is required under this policy to file a conflict of significant financial interest disclosure fails to do so or fails to disclose a significant financial interest on the Disclosure Statement Form, the investigator may be subject to Naprogenix and legal procedures including both governmental and Naprogenix sanctions imposed upon the employee. If an unreported significant financial interest involves a research project administered by Naprogenix, appropriate administrative action required by

the funding agency will also be taken. Naprogenix will promptly notify the funding agency if it is determined that Naprogenix is unable to manage satisfactorily any conflict of significant financial interest. Intentional disregard for this policy, including non-adherence to the agreed upon management plan, shall constitute serious misconduct and may be the basis for further administrative or legal inquiry. Some of the further administrative and legal actions may include (and not limited to) involuntary termination of employment, sanctions, suspension, public disaffirmation of the research, notification to regulatory bodies, and notification to actual or potential research funding agencies. Disciplinary actions initiated under this FCOI policy shall be conducted in accordance with Federal/State Regulations and Naprogenix's Human Resources Policy and Procedures. Naprogenix will complete and document retrospective reviews within 120 days of Naprogenix or PHS/external funding agencies' determination of noncompliance for SFIs not disclosed timely or previously reviewed or whenever an FCOI is not identified or managed in a timely manner and Naprogenix will document the reviews consistently with Federal regulations. In any case in which the Department of Health and Human Services determines that a PHS-funded research project of clinical research whose purpose is to evaluate the safety or effectiveness of a drug, medical device, or treatment has been designed, conducted, or reported by an Investigator with an FCOI that was not managed or reported by Naprogenix as required by Federal regulations, then Naprogenix requires the investigator involved to: 1) Disclose the FCOI in each public presentation of the results of the research, and 2) To request an addendum to previously published presentations.

O. MAINTENANCE OF RECORDS

According to Federal Regulation 42 CFR 50.604(i), Naprogenix has established the following policy and procedure to maintain all FCOI-related: All FCOI documentation, disclosures, and reports are to be placed on file in the Naprogenix business office under lock and key for a period of at least 3 years from the date the final expenditures report is submitted to the NIH (PHS/HHS) or from other dates as specified in 45 CFR 75.361, where applicable.

P. PUBLIC ACCESSIBILITY

In accordance with Federal Regulations 42 CFR 50.604(a), NIH GPS 4.1.10, and 42 CFR 50.605(a)(5)(i)-(iv), Naprogenix will make Naprogenix's FCOI policy and all identified FCOIs held by senior/key personnel as defined by Federal regulations publicly accessible prior to the expenditure of funds via Naprogenix's website at http://www.naprogenix.com/fcoi.asp.

The FCOI information made public concerning FCOIs held by senior/key personnel as defined by Federal regulations will:

- Include the minimum elements as provided in Federal Regulations:
  1) Investigator's name

2) Investigator's title and role with respect to the research project
3) Name of the entity in which the significant financial interest is held
4) Nature of the significant financial interest
5) Approximate dollar value of the significant financial interest (dollar ranges are permissible: $0-$4,999; $5,000-$9,999; $10,000-$19,999; amounts between $20,000-$100,000 by increments of $20,000; amounts above $100,000 by increments of $50,000), or a statement that the interest is one whose value cannot be readily determined through reference to public prices or other reasonable measures of fair market value.

- Be posted on Naprogenix's public website or made available within 5 calendar days of a written request
- Be updated, at least annually (Web site only but any response to a written request should include the updated information)
- Be updated, within 60 days of a newly identified FCOI (Web site only but any response to a written request should include the updated information)
- Remain available for three years from the date the information was most recently updated.

IV. REGULATION REFERENCES

- ***CFR 50, Subpart F***
  https://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=992817854207767214895b1fa023755d&rgn=div5&view=text&node=42:1.0.1.4.23&idno=42#sp42.1.50.f

- ***Final 2011 Rule amending 1995 PHS regulation***
  http://www.gpo.gov/fdsys/pkg/FR-2011-08-25/pdf/2011-21633.pdf

- ***45 CFR 94***
  https://www.ecfr.gov/cgi-bin/text-idx?rgn=div5&node=45:1.0.1.1.51#se45.1.94_14

- ***NIH Grants Policy Statement***
  https://grants.nih.gov/policy/nihgps/index.htm

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