

Financial Conflict of Interest Policy

1. Revision History

Date	Change Log
12/20	Assure compliance with 42 CFR Part 50 Subpart F

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2. Purpose

Direct Electron, LP (DE) strives to create a research climate that promotes objectivity in research by establishing standards such that the design, conduct and reporting of Department of Energy (DOE), Public Health Service (PHS, which includes NIH), and other government funded research (Publicly Funded Research) is free from bias resulting from financial conflict of interest (FCOI).

The DE FCOI policy consists of:

- A. Policy and procedure: Financial Conflict of Interest in Publicly Funded Research projects.
- B. Protocol: Protocol for Handling Financial Conflict of Interest.

3. Policy

Direct Electron, LP strives to create a research climate that promotes objectivity in research by establishing standards such that the design, conduct and reporting of Public Health Service (PHS, which includes NIH) funded research is free from bias resulting from financial conflict of interest (FCOI).

This policy is applicable to each employee who is planning to or is participating in research activity that is either partially or wholly supported by Public Funds.

Each such employee must:

- A. disclose his or her significant financial interests (SFI) in non-Direct Electron entities that would appear to be related to the employee's professional responsibilities on behalf of DE;
- B. comply with a FCOI management plan, if a FCOI is identified; and
- C. undergo FCOI training, at least once every four years.

Disclosure of SFI is essential for DE to determine if a FCOI exists, and in cases of FCOI determine how it will be managed and reported in full compliance with government regulation. Non-disclosure of SFI or non-compliance with the FCOI management plan may subject the employee to employment discipline including, without limitation, suspension or termination of employment.

4. Definitions

- A. Financial conflict of interest (FCOI) means a significant financial interest that could directly and significantly affect the design, conduct, or reporting of Publicly Funded Research.
- B. Significant Financial Interest (SFI) exists if the value of remuneration received by the employee, employee's spouse or dependent children that reasonably appear to be related to the employee's DE responsibilities exceeds \$5000;
 - a. Including:
 - i. Salary or other payments for services (e.g., consulting fees or honoraria) received in the twelve months preceding disclosure;
 - ii. Equity interests (e.g., stocks, stock options or other ownership interests) including equity interest in a nonpublicly traded entity, no matter the amount, constitutes an SFI; and,
 - iii. Income from intellectual property rights owned by the employee.
 - b. Excluding
 - i. Salary, royalties, stock options or other remuneration from Direct Electron;
 - ii. Income from seminars, lectures, teaching engagements, service on advisory committees or review panels, derived from excluded sources (see below);
 - iii. Income from investment vehicles, such as mutual funds and retirement accounts, as long as the employee does not directly control the investment decisions; and,
 - iv. Unlicensed intellectual property owned by the employee that does not generate income. Note that Intellectual property owned by Direct Electron is excluded.
 - c. SFI disclosure also includes travel. Specifically, externally funded reimbursed or sponsored travel that would appear to be related to employee's DE responsibilities, however, that is not funded by Direct Electron. Such travel must be disclosed, no matter the amount, except when the expenses are covered by any of the excluded sources.

Note that the threshold of \$5000 is applied to the aggregation of a.i. and a.ii, or to a.iii.

- C. Employee's professional responsibilities on behalf of DE means conducting research, submitting patent applications, publication, technical committee membership and, teaching as adjunct faculty at an

Institute of higher applications, publication, technical committee membership and, teaching as adjunct faculty at an Institute of higher education.

- D. An excluded source means a source of remuneration that is excluded from disclosure. With reference to the SFI (2b and 3), excluded sources are – federal, state, or local government agency, an Institution of higher education, an academic teaching hospital, a medical center, or a research institute that is affiliated with an Institution of higher education.

5. Procedure

Employees who are planning to or are participating in research activity that is either partially or wholly supported by Public funds must disclose their SFI in a timely fashion, either to a member of the DE Management Team (DE MT) or the designated DE FCOI official. The designated DE FCOI official will determine whether the SFI constitutes an FCOI, based on guidance set by the DE MT. Consistent with the attached, Protocol for Handling Financial Conflict of Interest, if the SFI is determined to be an FCOI, the DE MT will take actions to discuss and approve the implementation of an FCOI management plan consistent with government regulation and, furthermore, to promptly notify the Public Funding agency (e.g., NIH) via a FCOI report.

As a part of the FCOI management plan, the DE MT will decide one or more actions depending upon the situation, including requiring certain disclosure in public presentations, employee role reassignment, reduction or elimination of the financial interest sanctions (e.g., sale of an equity interest) or severance of relationships that create financial conflicts. Employees with an identified FCOI must comply with the FCOI management plan.

6. Administration

The designated DE FCOI official is responsible for administration of this policy.

7. Protocol for Handling Financial Conflict of Interest

This protocol along with the policy and procedure titled, Financial Conflict of Interest in Publicly Funded Research Projects, constitute the DE FCOI policy. Capitalized terms in this protocol shall have the same meaning as set forth in the policy. This protocol outlines the procedure that will be followed as per regulation (Title 42 CFR Part 50 Subpart F).

This document section specifies the FCOI protocol for Publicly funded research: that is the step-by-step implementation of the DE FCOI policy.

1. Who is required to disclose financial interests

Employees planning to or participating in research activity that is either partially or wholly supported by Public funds are required to disclose financial interests (“Publicly funded Investigators”).

2. SFI disclosure

Publicly funded Investigators are required to disclose SFIs to either a member of the DE MT or the designated DE FCOI official, as follows:

- A. Employees planning to participate in PUBLIC-funded research are required to disclose all SFI's prior to submission of an application for Publicly funded research.
- B. Once the research project has been funded all Publicly funded investigators shall submit SFI Disclosures within thirty (30) days of acquiring any new or increased SFI,

- When a new investigator joins an ongoing Publicly funded project, the investigator shall submit SFI disclosures within thirty (30) days of joining the project.
- C. All Publicly funded investigators shall submit an updated SFI disclosure annually.
- D. SFI disclosures (except travel) must include the following information:
 - a. Identity of the sponsor/organizer; and
 - b. Nature of SFI (e.g., salary, license income, stock).
- E. Externally funded travel also constitutes SFI, and therefore the disclosure requirements in above apply. That is, Publicly funded investigators shall submit SFI Disclosures for externally funded travel: prior to submission of an application for Publicly funded research; and for Publicly funded projects within thirty (30) days of externally funded travel and in an annual update. The following travel related information must be disclosed:
 - a. Purpose,
 - b. Identity of the sponsor/organizer, • Destination, and,
 - c. Duration.

3. Review of disclosures

All SFI disclosures, including those submitted by a new investigator who joins an ongoing Publicly funded project, will be reviewed by the designated DE FCOI official. The review will determine whether an SFI is related to the Publicly funded research and therefore an FCOI. The designated DE FCOI official may involve the relevant investigator in the review and request additional information from the investigator.

When an SFI that was not disclosed by a Publicly funded Investigator in a timely manner is identified, the designated DE FCOI official will determine if FCOI exists, develop and implement a management plan within sixty (60) days after the identification of the SFI. In addition, the designated DE FCOI official will conduct a retrospective review of SFIs for the Publicly funded investigator within one hundred twenty (120) days and document it.

4. Management of FCOI

For each disclosure that leads to determination of FCOI, the DE MT will discuss and approve the implementation of a management plan developed by the designated DE FCOI official. Publicly funded Investigators with an identified FCOI must comply with the management plan. The management plan will include the following elements at a minimum:

- A. The role and principal duties of the conflicted Publicly funded Investigator in the research project;
- B. Conditions of the management plan (see examples below);
- C. How the management plan is designed to safeguard objectivity in the research project;
- D. Confirmation of the Publicly funded Investigator's agreement to the management plan; and 5. How the management plan will be monitored to ensure Publicly funded Investigator compliance.

Examples of conditions or restrictions that might be imposed to manage a Publicly funded Investigator's FCOI include, but are not limited to:

- A. Public disclosure of financial conflicts of interests (e.g., when presenting or publishing the research; to staff members working on the project; to Institution's Institutional Review Board(s);
- B. For research projects involving human subjects research, disclosure of financial conflicts of interest directly to participants;
- C. Appointment of an independent monitor capable of taking measures to protect the design, conduct, and reporting of the research against bias resulting from the Financial Conflict of Interest;
- D. Modification of the research plan;
- E. Change of personnel or personnel responsibilities, or disqualifications of personnel from participation in all or a portion of the research;
- F. Reduction or elimination of the financial interest (e.g., sale of an equity interest); or
- G. Severance of relationships that create financial conflicts.

5. Reporting FCOI to PHS Awarding Component (e.g. the NIH)

Based on the FCOI management plan, the designated DE FCOI official will submit an initial FCOI report to the PHS funding component, for example NIH. The report will be submitted, for example using eRA Commons for NIH, and consist of all elements required by the regulation.

The FCOI report for will be submitted prior to the expenditure of funds under the Notice of Award. FCOIs identified during the period of award will be submitted to NIH within sixty (60) days of identification, including for new investigators joining an ongoing Publicly funded project.

Annual FCOI reports (or revised reports as a result of retrospective reviews) will also be submitted and will include the status of financial conflict, i.e., whether the financial conflict is still being managed or explains why the financial conflict no longer exists. These FCOI reports will also include a description of any changes to the management plan since the last FCOI report.

6. Training for FCOI

Publicly funded Investigators must undergo training with respect to this Policy and PHS FCOI rules and regulations, as follows:

- A. When a new employee joins DE;
- B. Prior to participating in Publicly funded research, and at least once every four years;
- C. When the DE FCOI policy changes in a manner that effects Publicly funded Investigator disclosure or compliance requirements; and,
- D. If DE MT determines that a Publicly funded Investigator is not compliant with the FCOI Policy or an FCOI Management Plan.

NIH web-based training (https://grants.nih.gov/grants/policy/coi/tutorial2018/story_html5.html) will be used. Employees must save and print the FCOI Certificate as proof of completion.

7. Sanctions for violation of policy

Disclosure of SFI is essential for DE to implement its FCOI policy. If a Publicly funded Investigator fails to comply with this policy (with regard for instance to the SFI disclosure requirement or implementation of an FCOI management plan), and appears to have biased the Publicly funded

research, the DE MT will implement a mitigation plan and require that the Investigator disclose the FCOI in each public presentation of the results of the research, and to remedy previously published presentations with an FCOI disclosure addendum. In addition, the employee may be subject to employment discipline including, without limitation, suspension or termination of employment. In any case, the PHS-funding agency will be promptly notified.

8. Retention of records

Records of financial disclosures and any resulting action will be maintained for three (3) years from the date of submission of the final expenditures report.

9. Subrecipient compliance

When working with a subrecipient, a written agreement will be put in place to clarify: (a) which organization's (prime awardee or subrecipient) FCOI policy will be followed, and (b) in either case, clarify the timeline for disclosure and reporting. Note that the prime awardee is responsible for monitoring subrecipient's compliance with the Financial Conflict of Interest regulation, management plans, and for reporting all identified financial conflicts of interest.

10. Public Accessibility

As required by PHS regulation, the DE FCOI policy is being made accessible on the DE web site.

If a Publicly funded investigator holds financial interests that are determined to be FCOI, as required by PHS regulation, these will also be posted on the web site, as follows:

- A. Include the minimum elements required by the regulation;
- B. Update within sixty (60) days of a newly identified FCOI;
- C. Update annually; and
- D. Remain available for three (3) years.