

CORPORATE POLICY



Promoting Objectivity in Research

Policy # PGN03.02
Effective: 22 Jan 2013

1. Purpose/Objectives

Scientific integrity and lack of research bias are important to maintain Microbiotix' reputation, generate quality research and to facilitate the development of safe and effective medical products. It is the responsibility of all employees to ensure that research is performed objectively and without bias. Financial conflicts of interest have the potential to create bias and undermine scientific integrity. Microbiotix also intends to comply with regulations regarding financial disclosure and conflict of interest, as appropriate. Microbiotix also believes that public disclosure is important to maintain transparency.

2. Scope

This policy applies to all employees at Microbiotix, to all studies performed by Microbiotix and to certain consultants, subcontractors, collaborators and other individuals engaged in research.

3. Definitions

Conflict of interest: a situation, within which, personal considerations have the potential to compromise or bias professional judgment or objectivity

Covered family member: those who are financially dependent or interdependent

Dependent: an individual who is financially dependent upon the reporting employee

Employee: an individual employed by Microbiotix (as evidenced by deduction of withholding from paycheck)

Executive management: the Chief Executive Officer and Chief Scientific Officer

Financial interest: anything of monetary value, whether or not the value is readily ascertainable

Form: a document that has static content and is used to collect data or information

Impact: an effect

Interdependents: related or unrelated individuals living in the same household and sharing expenses and/or assets

Investigator: the Project Director or Principal Investigator, and any other person, regardless of title or position, who is responsible for the design, conduct or reporting of research, which may include, but is not limited to Microbiotix employees, consultants, subcontractors, collaborators or others.

Key personnel: employees explicitly listed in an application or report; key personnel should include any persons responsible for the design, conduct or reporting of research.

Policy: a document that describes general corporate philosophy and/or rules that direct and control operations and conduct

Quality assurance (QA): the functional group responsible for evaluating the overall effectiveness of the company's systems and releasing products manufactured in accordance with good manufacturing practice (GMP)

Significant financial interest: an interest of the Investigator, Investigator's spouse, Investigator's dependent children and/or interdependent(s) related to the Investigator's

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responsibilities at Microbiotix. Significant financial interest is defined in the applicable regulation(s).

Sponsor: for the purpose of this SOP, the Sponsor is Microbiotix

Standard operating procedure (SOP): written instructions that define a process; the objective of which is to obtain consistent results in accordance with corporate objectives and policies

Template: a document that has dynamic content that is used as a starting point for developing an official document

4. Policy

4.1. Disclosure, Review and Risk Mitigation

- It is the responsibility of every employee to disclose the nature and extent of conflict as described in the applicable regulation.
- Employees shall complete an annual financial disclosure and update the disclosure when the information changes in accordance with regulatory requirements.
- Principal Investigators shall ensure that all employees, consultants, subcontractors, collaborators and others have completed appropriate financial disclosure statements.
- Financial disclosure statements shall be reviewed and evaluated for a potential conflict of interest exists. Reviews will take place in accordance with applicable regulations.
- If a potential conflict of interest exists, a risk assessment shall be performed.
- Executive Management shall develop, implement and evaluate risk mitigation plans for managing conflicts of interest.
- Microbiotix may request additional information as deemed necessary.

4.2. Reporting

- Financial disclosure reports and/or notifications shall be performed in accordance with applicable regulations.

4.3. Training

- Employees must complete training on financial conflict of interest and must read the applicable regulations.

4.4. Records

- Records shall be maintained and may only be destroyed when regulatory requirements have been met.

4.5. Enforcement and Noncompliance

- Employees who fail to comply with regulatory requirements may be subject to disciplinary action.
- Employees have the right to appeal.

4.6. Subrecipients

- Microbiotix shall obtain financial disclosure statements or assurances for each individual listed on an application.

4.7. Public Accessibility

- This policy shall be posted on the Microbiotix website.

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- Financial conflicts of interest shall be made available to the public within 5 days of receipt of a written request.

4.8. Audits

- Periodic audits shall be conducted to ensure compliance.

5. References

- 21 CFR Part 54
- 21 CFR Part 312
- 21 CFR Part 812
- 42 CFR Part 50 Subpart F
- 45 CFR Part 94
- Conflict of Interest in Medical Research, Education and Practice. Institute of Medicine (US) Committee on Conflict of Interest in Medical Research, Education, and Practice; Lo B, Field MJ, editors. Washington (DC):National Academies Press (US); 2009.
- Steinbrook R. Controlling Conflict of Interest – Proposals from the Institute of Medicine. N Engl J Med 2009; 360:2160-2163.
- Guidance for Clinical Investigators, Industry and FDA Staff: Financial Disclosure by Clinical Investigators
- National Science Foundation Grant Policy Manual Section 510

STANDARD OPERATING PROCEDURE		
	Financial Disclosure and Conflict of Interest	SOP # GN004.02 Effective: 24 Jan 2013

1. Purpose

The purpose of this standard operating procedure (SOP) is to describe the process for disclosing financial interests, evaluating potential conflicts of interest and reporting financial conflicts in accordance with Microbiotix policies and current regulations.

2. Scope

This SOP applies to all Microbiotix employees, and certain family members of employees. Consultants, subcontractors, collaborators and others may be required to complete financial disclosure statements as appropriate.

3. Definitions

Conflict of interest: a situation, within which, personal considerations have the potential to compromise or bias professional judgment or objectivity

Covered family member: those who are financially dependent or interdependent

Dependent: an individual who is financially dependent upon the reporting employee

Employee: an individual employed by Microbiotix (as evidenced by deduction of withholding from paycheck)

Executive management: the Chief Executive Officer and Chief Scientific Officer

Financial interest: anything of monetary value, whether or not the value is readily ascertainable

Form: a document that has static content and is used to collect data or information

Impact: an effect

Interdependent: related or unrelated individual living in the same household and sharing expenses and/or assets

Investigator: the Project Director or Principal Investigator, and any other person, regardless of title or position, who is responsible for the design conduct or reporting of research, which may include, but is not limited to Microbiotix employees, consultants, subcontractors, collaborators or others.

Key personnel: employees explicitly listed in an application or report; key personnel should include any persons responsible for the design, conduct or reporting of research.

Policy: a document that describes general corporate philosophy and/or rules that direct and control operations and conduct

Quality assurance (QA): the functional group responsible for evaluating the overall effectiveness of the company's systems and releasing products manufactured in accordance with good manufacturing practice (GMP)

Significant financial interest: an interest of an investigator or investigator's spouse/partner, dependent(s) or interdependent(s) related to the investigator's responsibilities at Microbiotix. Significant financial interests include an equity interest in a publicly traded or privately held entity that exceeds \$5000, intellectual property rights and interests and certain sponsored travel. Significant financial interests do not include salary from Microbiotix, Microbiotix stock, or investment vehicles, such as mutual

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funds and retirement accounts as long as the individual does not directly control the investment decisions made in these vehicles.

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Standard operating procedure (SOP): written instructions that define a process; the objective of which is to obtain consistent results in accordance with corporate objectives and policies

Template: a document that has dynamic content that is used as a starting point for developing an official document

4. Responsibilities

4.1. Employees

Employees are responsible for the following:

- Completing the Disclosure of Interests form every year
- Disclosing significant financial interests
- Disclosing other interests that could potentially create a conflict. This includes, but is not limited to, appointments and paid or unpaid positions.
- Completing an updated Disclosure of Interests form within 15 calendar days when financial interest information has changed
- Completing financial interest statements as needed for grant applications
- Completing the required training every 2 years
- Complying with requirements from Executive Management to minimize the potential for bias when a conflict of interest is identified

4.2. Principal Investigators

Principal Investigators are responsible for the following:

- Completing the Project Scope and Roster form for each grant or contract application, as applicable
- Ensuring that all employees, subcontractors, consultants, collaborators and others have completed the necessary Disclosure of Interests form prior to submission of an application
- When other organizations/institutions are involved, obtaining copies of relevant policies and/or statements or written assurance from the organizations that they comply to 42 CFR Part 50 Subpart F
- Completing financial interest statements as needed for grant applications
- Completing the required training every 2 years

4.3. Quality Assurance/Regulatory Affairs

Quality Assurance/Regulatory Affairs is responsible for the following:

- Auditing files for compliance
- Reporting findings to Executive Management

4.4. Executive Management

Executive Management is responsible for the following:

- Acting as Institutional Officials, as defined in the regulations, for the purpose of this SOP
- Reviewing initial, annual and updated financial interest disclosure forms and determining whether a conflict of interest exists

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- When a potential conflict of interest exists, evaluating the potential risk and developing a plan to mitigate the risk
- Ensuring that employees have the adequate resources to meet the requirements of this SOP
- Addressing noncompliance
- Disclosing conflicts of interest to government officials, as appropriate
- Providing a financial conflict of interest summary for disclosure to the public
- Determining how the value of Microbiotix stock options will be determined

5. Requirements

5.1. Disclosure, Review and Risk Mitigation

5.1.1. Disclosing Financial Interests

- Each calendar year, no later than February 1st, each employee shall complete, sign and date a Financial Interest Disclosure form.
- The Disclosure of Interests must include that of covered family members.
- An updated Disclosure of Interests form must be completed by an employee within 15 calendar days when financial interest information has changed.
- Potential employees may be asked to complete financial disclosure statements prior to hire.
- New employees must complete a financial disclosure statement within 30 days of hire.

5.1.2. Reviewing Financial Interest Statements

- Executive Management is responsible for reviewing financial interest statements from employees, consultants, subcontractors, collaborators or others, as appropriate, within 30 calendar days of receipt.
- The review includes an assessment about conflict of interest, which must be completed by Executive Management. If a conflict of interest is identified, a risk mitigation plan must be developed within 30 calendar days of the review of the financial interest statement and no later than 60 calendar days from the date of receipt of the financial interest statement.
- The review is documented by signing and dating the completed Disclosure of Interests.

5.1.3. Risk Mitigation Plans

- Risk mitigation plans must be developed by Executive Management when a potential conflict of interest is identified.
- Plans must include an evaluation of the risk, strategies to minimize the risk, evaluation of compliance to the plan and evaluation of plan effectiveness.
- Risk mitigation strategies may include:
 - Public disclosure of financial interests
 - Monitoring of research by independent third parties
 - Modification of the research plan
 - Disqualification of the investigator
 - Divestiture of financial interests

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- Severance of relationships that create potential or actual conflicts of interest
- Risk mitigation plans should be signed by affected personnel and Executive Management.

5.2. Reporting

5.2.1. Requirements for Government-Funded Research

- Reports shall be provided:
 - To the applicable funding agency(ies) by April 15th of each calendar year
 - Prior to the expenditure of any funds under a funded grant, cooperative agreement or contract
 - Within 30 days of identification of a financial conflict of interest
 - If bias is identified in the design, conduct or reporting of funded research, or it is discovered that an investigator has not complied with the requirements of this SOP, policies or regulations
- Reports shall include:
 - The status of any financial conflicts of interest
 - Information about risk mitigation plans that have been implemented
 - Any changes in financial conflict of interest or risk mitigation plans
 - Any noncompliance to risk mitigation plans and any corrective actions
- If it is discovered that funded research involves the evaluation of safety or effectiveness of a medical product and an investigator failed to disclose potential conflicts or the investigator was not covered under this policy, the investigator must disclose the conflicting interest in each public presentation of the research results and request an addendum to previously published presentations. In the event the investigator is not an employee of Microbiotix, Microbiotix will request assurance from the investigator or investigator's institution of compliance to this requirement.
- Reporting of conflicts of interest to an agency providing funding applies for all reports of conflict regardless of whether the conflict involves an employee.

5.2.2. Microbiotix shall comply with regulatory requirements for reporting financial conflicts of interest.

5.3. Training

- Every employee must complete the specified training:
 - Training provided on the NIH Office of Extramural Research's website, currently accessible at: <http://grants.nih.gov/grants/policy/coi/tutorial2011/fcoi.htm>, or an equivalent program that issues a certificate of completion. This training must be completed every 2 years.
 - Read any applicable SOPs and/or policies pertaining to conflict of interest in accordance with applicable SOPs (QA001 and GN002)
 - Read a copy of the following regulations:
 - 42 CFR Part 50 Subpart F
 - 45 CFR Part 94
- New employees must complete this training within 30 calendar days of hire.

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- Training must be completed in accordance with GN002.
- Training records will be maintained in accordance with GN002.

5.4. Records

- Records will be maintained indefinitely and may only be destroyed when it is determined that all regulatory requirements have been met.
- Records will be maintained in a locked location with limited access.
- Requests for public disclosure will be maintained for at least 3 years.

5.5. Enforcement, Noncompliance and Right to Appeal

5.5.1. Noncompliance

- Upon identification of an employee who has not complied with the requirements, Microbiotix shall perform a retrospective review within 30 calendar days to evaluate to potential impact of the noncompliance.
- If bias is identified as part of the investigation into noncompliance, within 30 calendar days of the completion of the evaluation of noncompliance, Microbiotix will notify the funding agency in writing and include a risk mitigation plan.

5.5.2. Enforcement

- In the event an employee fails to provide a completed financial disclosure statement, knowingly provides false information and/or fails to adhere to a risk mitigation plan in accordance with this SOP, the employee is subject to disciplinary action up to and including termination.
- Enforcement actions may be incorporated into a new or existing risk management plan.

5.5.3. Right to Appeal

- Employees may appeal any decision, plan or disciplinary action as it relates to this SOP.
- Appeals must be made in writing and be provided to Executive Management within 30 days of said decision, plan or action.

5.6. Subrecipients

- Microbiotix will obtain written statements from all consultants, subcontractors, collaborators and others, as appropriate, stating that they comply to the applicable regulations regarding financial disclosure and conflict of interest.
- In the event that an individual does not have the appropriate policies and/or procedures in place, the individual will be required to adhere to Microbiotix's SOPs.
- Microbiotix shall make reasonable efforts to comply with the requirements of other institutions, as applicable.

5.7. Public Accessibility

5.7.1. Availability of Policy/Procedure

- Policies and/or procedures related directly to conflict of interest as it pertains to government funded research will be posted on the Microbiotix website.
- Updated policies and/or procedures will be posted to the website upon issuance but no later than 30 calendar days from issuance.

5.7.2. Public Disclosure of Financial Conflict of Interest

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- Executive Management shall provide a Public Conflict of Interest Disclosure (GN004C) annually, by April 15th.
- The Public Conflict of Interest Disclosure shall be updated within 30 days of receipt of information that requires the information be updated.
- A copy of the current Public Conflict of Interest Disclosure shall be provided within 5 days of receipt of the written request.
- The date of receipt, date of response and the date of the Public Conflict of Interest Disclosure information provided shall be documented on the written request.
- The requests will be filed.

5.8. Audits

- Periodic audits will be conducted in accordance with Microbiotix's internal audit program (QA005).
- Audit reports will be provided to management in accordance with QA005.

6. Associated Forms and Templates

- GN004A Disclosure of Interests
- GN004B Statement of Compliance to Financial Disclosure and Conflict of Interest Regulations by Nonemployee
- GN004C Project Scope and Roster
- GN004D Financial Disclosure Risk Assessment
- GN004F Public Conflict of Interest Disclosure

7. Related Documents

- GN002 Competency, Awareness and Training
- QA001 Developing, Approving, Reviewing and Revising Policies and Standard Operating Procedures
- QA004 Archiving
- QA005 Audits

8. References

- 42 CFR Part 50 Subpart F
- 45 CFR Part 94
- Conflict of Interest in Medical Research, Education and Practice. Institute of Medicine (US) Committee on Conflict of Interest in Medical Research, Education, and Practice; Lo B, Field MJ, editors. Washington (DC):National Academies Press (US); 2009.
- Steinbrook R. Controlling Conflict of Interest – Proposals from the Institute of Medicine. N Engl J Med 2009; 360:2160-2163.
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