

Oregon Translational Research and Drug Development Institute (OTRADI)

Conflict of Interest Policy

This Conflict of Interest Policy (this "Policy") was adopted by the Board of Directors (the "Board") of the Oregon Translational Research and Drug Development Institute ("OTRADI") on October 31, 2007. It shall apply to all Covered Persons (as defined below).

Article I

Purpose

The purpose of the conflict of interest policy is to protect the independence and interests of OTRADI when it contemplates entering into a transaction or agreement that might benefit the private interest of a Covered Person or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace OTRADI's Bylaws or any applicable state or federal laws governing conflict of interest applicable to nonprofit, tax-exempt entities.

Article II

Definitions

1. Covered Person

Each member of the Board, each member of a committee of the Board (the "Board Committee"), each officer, and each other employee of OTRADI as the Board may determine by resolution adopted from time to time, is a Covered Person. If a person is a Covered Person with respect to any entity in the health care system of which OTRADI is a part, he or she is a Covered Person with respect to all entities in the health care system.

2. Financial Interest

A person has a "Financial Interest" if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which OTRADI has entered into a transaction or agreement,
- b. A compensation arrangement with OTRADI or with any entity or individual with which OTRADI has entered into a transaction or agreement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which OTRADI is negotiating a transaction or agreement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A Financial Interest is not necessarily a conflict of interest. Under Article III, Section 2 of this Policy, a person who has a Financial Interest may have a conflict of interest only if the Board or the appropriate Board Committee decides that a conflict of interest exists.

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Article III

Procedures

1. Duty to Disclose

Each Covered Person must disclose any existing or potential personal, familial or business interest or relationship, including a Financial Interest, if any, that could reasonably give rise to a conflict, or the appearance of a conflict, between his or her interests and OTRADI's interests. If the interest or relationship is implicated by an existing or potential transaction or agreement with OTRADI, the matter shall be brought before the Board or the appropriate Board Committee for review and approval. The Covered Person must be given the opportunity to disclose all material facts to the Board or the appropriate Board Committee considering the proposed transaction or agreement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the interest or relationship, including a Financial Interest, if any, and all material facts, and after any discussion with the Covered Person, the Board or the appropriate Board Committee shall determine whether a conflict of interest exists. If the determination is made by the appropriate Board Committee, such Board Committee shall report its action on the matter to the Board at the Board's next meeting.

3. Procedures for Addressing the Conflict of Interest

- a. A Covered Person may make a presentation at the meeting of the Board or the appropriate Board Committee, but after the presentation, the Covered Person shall leave the meeting. A Covered Person shall not use his or her influence to affect the decisions of the Board or the appropriate Board Committee, nor vote on approval of the transaction or agreement, nor be present during the consideration of and voting on such matter in the meeting.
- b. The chairperson of the Board or the appropriate Board Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or agreement.
- c. After exercising due diligence, the Board or the appropriate Board Committee shall determine whether OTRADI can obtain with reasonable efforts a more advantageous transaction or agreement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or agreement is not reasonably possible under circumstances that would not give rise to a conflict of interest, the Board or the appropriate Board Committee shall determine by a majority vote of the disinterested directors or members whether the transaction or agreement is in OTRADI's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to approve the transaction or agreement.

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4. Violations of the Conflicts of Interest Policy

- a. If the Board or the appropriate Board Committee has reasonable cause to believe that a Covered Person has failed to disclose actual or possible conflicts of interest, it shall inform the Covered Person of the basis for such belief and afford the Covered Person an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Covered Person's response and after making further investigation as warranted by the circumstances, the Board or the appropriate Board Committee determines that the Covered Person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary or corrective action.

Article IV

Records of Proceedings

The minutes of the Board or the appropriate Board Committee shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a personal, familial or business interest or relationship, including a Financial Interest, if any, in connection with an existing or potential conflict of interest, the nature of the interest or relationship, any action taken to determine whether a conflict of interest was present, and the decision as to whether a conflict of interest in fact existed, and
- b. The names of the persons who were present for discussions and votes relating to the transaction or agreement, the content of the discussion, including any alternatives to the proposed transaction or agreement, and a record of any votes taken in connection with the proceedings.

Article V

Compensation

- a. A voting member of the Board who receives compensation, directly or indirectly, from OTRADI for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any Board Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from OTRADI for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Board or any Board Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from OTRADI, either individually or collectively, is prohibited from providing information to any Board Committee regarding compensation.
- e. Physicians who receive compensation from OTRADI, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any Board Committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any Board Committee regarding physician compensation.

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Article VI

Annual Statements

Each Covered Person shall annually sign a statement which affirms such person:

- a. Has received a copy of this Policy,
- b. Has read and understands the Policy,
- c. Has agreed to comply with the Policy,
- d. Has disclosed any personal, familial or business interest or relationship that could reasonably give rise to a conflict or the appearance of a conflict between the Covered Person's interests and OTRADI's interests,
- e. Has disclosed whether any such interest or relationship is implicated by an existing or potential transaction or agreement involving OTRADI,
- f. Understands that OTRADI is charitable and, in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes, and
- g. Acknowledges, by his or her signature, that he or she is acting in accordance with the letter and spirit of the Policy.

Article VII

Periodic Reviews

To ensure that OTRADI operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining, and
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to OTRADI's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or an excess benefit transaction.

Article VIII

Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, OTRADI may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

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Conflict of Interest Policy Acknowledgment

I have carefully read the Oregon Translational Research and Drug Development Institute's Conflict of Interest Policy and hereby acknowledge that I understand and agree to comply with the Policy and its provisions.

Signature

Name (Please print)

Date

Please complete and return this acknowledgment form to the Executive Director of OTRADI.

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