

Conflict of Interest

“ If you have no conflicts of interest on your board or committees then you have the wrong people on your board”

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Conflict of Interest

The NCE Steering Committee requires a board to

adopt “a code of conduct in its bylaws designed to prevent real or perceived conflicts of interest.”

Conflict of Interest

- **Appendix B: Conflict of Interest and Policy Framework**

Interactions between university researchers and the private sector are an essential feature of the CECR program. For the objectives of the CECR program to be achieved, many kinds of interactions among individuals participating in the Centre must occur. These interactions may lead to gains and benefits to the individuals participating in the Centre and are desirable and natural outcomes of being involved in the Centre. Such interactions, however, may place individuals participating in the Centre in a position of potential, apparent or actual conflict of interest.

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Conflict of Interest

- Prionet's Scientific Director was a co-founder, Board Director and CSO of a company working in the same general area as the Network.
- Two "industrial board members" on Prionet's Board from the above company.
- PrioNet's Board Chair was an investor in the company
- PrioNets's Scientific Director was chair of the Research Management Committee and a Member of the Board of Prionet and PI on a grant funded from PrioNet

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- **But it was noted that PrioNet's board shall continue to benefit from the advice and guidance of the NCE steering committee.**

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- **An assessment of existing conflict of interest policy was undertaken by an independent consultant. Mandated by the NCE Steering Committee to review policy framework, consult with stakeholders and recommend amendments applicable to centres in general and with specific reference to PrioNet.**

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- Resolution of these conflicts came about from continued dialogue between the Board and the NCE secretariat as well as opinions from our Board's legal council.
- In fact we requested opinions from two separate firms on different aspects of the conflict issues.

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**Best practises for a governance committee and
the Board**

Conflict of Interest

- **2.0 Disclosure**
- Upon joining the Centre, each individual is obliged to disclose in writing to the Board, through the Administrative Centre, any direct or indirect financial interests and positions of influence that could lead to a potential, apparent or actual conflict of interest (examples provided below). In addition, these submissions must be updated whenever the individual's circumstances change in a way that would necessitate a further disclosure. The individual also has the obligation to disclose any potential, apparent or actual conflict of interest when it arises during Centre committee or Board meetings so that the committee or Board is aware of the situation and can take appropriate action.

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3.0 Management of Conflict of Interest

The Board or its conflict of interest sub-committee is charged with the responsibility of managing conflict of interest and determining and implementing the appropriate course of action. This management system is based on disclosure, as described in Section 2.0. All disclosures constitute confidential information that will be available to the Board, or a sub-committee thereof, for the evaluation and resolution of any conflict of interest or allegations of conflict of interest brought before the Board or its conflict of interest sub-committee.

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- Have an appropriate number of independent board members.
- Establish a strong Governance Committee
- Declare conflicts at the beginning of each board meeting.
- Seek advice from the NCE Steering Committee
- When necessary seek advice from your own legal council.

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The Centre for Drug Research and Development (CDRD)

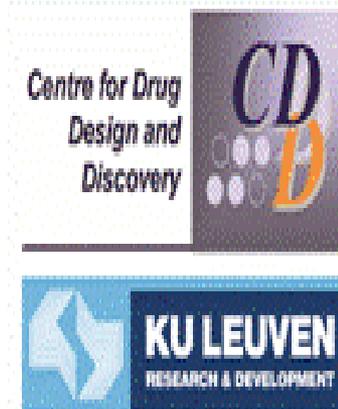


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- CDRD was established as an independent **not-for-profit** organization that houses a drug development platform with pre-clinical laboratories and expert personnel. Originally funded by the BC Provincial Government.
- We are now affiliated with over 30 academic institutions to advance their drug discovery projects.

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- Now expanded internationally



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- How does a not-for-profit organization, now funded as a CECR make money to become sustainable?

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- **CDRD Ventures Inc. (CVI)** is CDRD's commercialization vehicle, and is constituted as a separate private company owned by a group of affiliated institutions.
- CVI is responsible for capturing the value that is generated from the work that CDRD does, driving the commercial transactions, and ultimately returning its profits to CDRD to ensure a long term sustainability business model.

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- *With a first right to negotiate for any of the technologies developed at CDRD (over 100 to date), CVI has a continuous and unparalleled pipeline of the most innovative and commercially-promising pre-validated and thus de-risked technologies in Canada.*

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- The owners of CVI have all agreed that no profits from CVI will flow to them, but rather will be transferred to CDRD to ensure the sustainability of the CDRD platform that is accessible to all affiliates.

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- In order to optimize resources, certain functional areas such as HR, Finance, and Communications continue to be shared between the two organizations. To ensure clarity of reporting and governance, these positions remain full-time employees of CDRD.
- Joint Executive meetings are now regularly held to ensure day-to-day operations proceed in a smooth, well-coordinated manner.

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- CVI shared a management team with CDRD up to June 2012 when the Boards of CDRD and CVI supported the formal launch of CVI with its own management team which includes its own CEO, Vice President of Research and Development & Chief Innovation Officer, and Directors of Business Development and Commercial Project Development.

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- Together, CVI and CDRD have designed and implemented a number of measures to assure appropriate corporate governance, risk and conflict of interest mitigation, achievement of corporate objectives, and an effective structure and relationship to ensure that the entities work in close alignment.....

Conflict of Interest

- Semi-annual joint board meetings between CDRD and CVI are held to ensure that all parties are working together well.