

# MPRIME Conflict of Interest Policy

## MPRIME Conflict of Interest Policy Framework

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

The MPRIME Board of Directors is accountable to the NCE Steering Committee for the effective implementation and management of the Conflict of Interest Policy Framework.

Individuals participating in MPRIME such as members of the Boards of Directors and advisory committees who do not receive NCE funds are recognized as playing a unique role in the network. They bring an important perspective as a result of their particular knowledge, often as representatives of organizations in the field of interest of the network. Nevertheless, they are still required to disclose any financial interest or position of influence, as described in Section 2.0, in any business in the same area of interest as MPRIME, other than that of their main employer.

MPRIME encourages spin offs and commercialization of its research. However, investigators who receive MPRIME funds and who have ownership position in a company that is sponsoring their research, may find themselves in a conflict of interest. It may be difficult to distinguish between university activities and company activities, and between their contributions as a MPRIME investigator and as a principal in the company. MPRIME may therefore request details on the investigator's involvement with the company, and evidence that the organization is under the effective day-to-day management control of someone other than the MPRIME investigator, as well as evidence that the academic interests of the students and postdoctoral fellows are protected. This request may come at the beginning or during the course of the project. MPRIME deals with each case individually.

The Conflict of Interest Policy is intended to enable MPRIME Members, Committee Members, and investigators to recognize and disclose situations that may be open to question and to ensure that such situations are appropriately resolved.

### 1.0 Definitions

**"Avoidance"** means refraining from, or withdrawing from, participation in activities or situations that place an individual participating in the network in a potential, apparent or actual conflict of interest relative to his or her network duties and responsibilities.

**"Conflict of interest"** means a situation where, to the detriment or potential detriment of the network, an individual is, or may be, in a position to use research knowledge, authority or influence for personal or family gain (financial or other) or to benefit others.

**"Disclosure"** means the act of notifying in writing the Board of Directors, through the Network Manager, of any direct or indirect financial interests and positions of influence held by an individual participating in the network

which could lead to a potential, apparent or actual conflict of interest.

**"Divestment"** means the sale at arm's length, or the placement in trust, of assets, where continued ownership by an individual participating in the network would constitute a potential, apparent or actual conflict of interest with the participant's network duties and responsibilities.

**"Financial interest"** means an interest in a business in the same area as the network as described in Section 2.1 of this document.

**"NCE"** means the federal Networks of Centres of Excellence program.

**"NCE Steering Committee"** means the committee comprised of the three granting agencies' Presidents and the Deputy Minister, Industry Canada, which has overall responsibility for the NCE program.

**"Network"** means a group funded under the federal Networks of Centres of Excellence program.

**"Network Board of Directors"** means the Board that is responsible for the overall management of the network and is accountable to the NCE Steering Committee.

**"Network Manager"** means the senior managerial employee of the network who reports to the Board of Directors.

**"Position of influence"** includes any position that entails responsibility for a material segment of the operation and/or management of a business.

## 2.0 Disclosure

Upon joining MPRIME, each individual is obliged to disclose in writing to the Board of Directors, through the Network Business Manager, any direct or indirect financial interests and positions of influence that could lead to a potential, apparent or actual conflict of interest (examples provided in Appendix 1). 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 network committee or Board meetings so that the committee or Board is aware of the situation and can take appropriate action.

### 2.1 Financial Interest

It consists of:

- Any material stock option (e.g., 1%) or similar ownership interest in such a business, but excluding any interest arising solely by reason of investment in such business by a mutual, pension, or other institutional investment fund over which the person does not exercise control; or
- Receipt of, or the right and potential to receive, any income from such a business, whether in the form of a fee (e.g., consulting), salary, allowance, interest in real or personal property, dividend, royalty derived from licensing of technology, rent, capital gain, real or personal property, or any other form of compensation or contractual relationship, or any combination thereof.

## 3.0 Management of Conflict of Interest

The MPRIME Board of Directors 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. All disclosures constitute confidential information that will be available to the MPRIME Board for the evaluation and resolution of any conflict of interest or allegations of conflict of interest brought before the Board.

While it is recognized that it may be difficult to completely avoid situations of potential, apparent or actual conflict of interest, complete avoidance or divestment may be required in certain cases. Such divestment should not consist

of a sale or transfer of assets to family members or other persons for the purpose of circumventing the conflict of interest compliance measures as directed by the Board.

### *3.1 Principles*

An individual participating in the network who is involved with, or has an interest in, or deals in any manner with a third party which might cause a conflict of interest, will not be present and participate in any network decisions, including committee decisions, if the declared potential conflict of interest could influence the decision or actions of the network. It is the obligation of the individual to declare such potential, apparent or actual conflict of interest before discussions take place so that the committee or MPRIME Board of Directors is aware of the situation in order to ensure that the individual is out of the room when the discussion and decision process on the item in question are taking place. This course of action should be recorded in the minutes of the meeting.

Any question raised by an individual or company regarding the potential conflict of interest of an individual will be raised at the MPRIME Board of Directors level and must be documented in writing. The MPRIME Board of Directors will determine the extent to which the question should be pursued and in such cases will consult the individual in question. If necessary, the individual will be asked to respond in writing.

### *3.2 Non-compliance*

If an individual is discovered to be in conflict of interest where disclosure and prior approval have not been sought or granted, the MPRIME Board of Directors will require the individual to:

- account to the network for any gain or benefit made directly or indirectly, arising from an involvement with, or an interest in, or from dealing in any manner with a third party that gives rise to a conflict of interest; and
- withdraw from the involvement; or
- withdraw from MPRIME; or
- take appropriate action as determined by the Board of Directors.

## **4.0 Review Process**

MPRIME Board of Directors established the Conflict of Interest Resolution Committee with responsibility for implementation and management of MPRIME Conflict of Interest Policy. In order to carry out this role, the Conflict of Interest Resolution Committee is expected to:

- Review disclosures by MPRIME researchers, management, and others of any direct or indirect financial interest or position of influence that could lead to possible conflict of interest;
- Establish controls to both monitor conflicts and ensure that the goals of the MPRIME funded research are not at risk.
- In case of disclosures by investigators on MPRIME research projects, present recommendations to the Board of Directors for their approval.
- In case of disclosures by internship supervisors, the Board delegates the responsibility for their review and approval to the Conflict of Interest Resolution Committee and MPRIME Executive as outlined below. All decisions made by the Committee or the MPRIME Executive will be presented to the Board of Directors at their regular meetings.

In case of MPRIME internships the Board delegates the MPRIME Executive with the initial review of all conflict of interest declarations submitted by MPRIME internship supervisors. If the researcher owns less than 10% of the partner organization and shows that the organization is under effective day-to-day management by someone other than the university researcher, the MPRIME Executive will make the decision on the eligibility of the partner

organization to participate in MPRIME internships and monitor the possible conflict.. If the researcher owns more than 10% of the partner organization or there are concerns that the company is not managed at arm's length, the particular declaration must to be reviewed by the Conflict of Interest Resolution Committee The Committee will make a decision and advise the MPRIME Executive on the outcomes. The Board will be regularly informed how individual cases of conflict of interest were handled by the Committee and MPRIME Executive.

An individual may request in writing, within 30 days, a review of a MPRIME Board of Directors' decision on conflict of interest. In certain circumstances, the MPRIME Board of Directors may arrange for an independent third party appointed by mutual agreement of MPRIME and the Board of Directors, and failing such mutual agreement appointed by the NCE Steering Committee, to act as an intermediary to scrutinize scientific reports and budgetary information of research project(s) in which the individual participating in the network is involved. The intermediary would provide an opinion on the overall merit of the review, without divulging specifics of a proprietary nature to other members of MPRIME. The ultimate decision on the resolution of the review rests with the MPRIME Board of Directors.

In cases where there is a concern with respect to decisions or actions of the MPRIME Board of Directors itself, this concern should be submitted in writing to the NCE Steering Committee. The NCE Steering Committee may request the Chair of the MPRIME Board of Directors to respond in writing to the Steering Committee. Following submission of the Chair's response, the NCE Steering Committee will decide on follow-up action.

## **Appendix 1**

### **Examples of Conflict of Interest**

The following examples, although not comprehensive, illustrate situations that may lead to an indirect or direct conflict of interest:

- employment in any capacity by another employer outside the participant's, administrator's or director's university, institution or company signing the Network Agreement, including self-employment;
- holding an office that puts the individual in a position to affect decisions, such as manager with executive powers, within a company, or member of a board of directors;
- participating in a research contract or consultancy relationship with a company, or serving on the board of a company;
- entering into a research contract with a company in which the participant, or a member of his or her immediate family, has a financial or other interest;
- carrying out supplementary professional scientific activities in accordance with the disclosure requirements of the participant's or director's employing organization;
- ownership of equity or other financial participation in a corporation (including stock options and shares). Participants, administrators and directors should abstain from activity in which they would have inside advantage (e.g., purchase of shares) based on the information they are privy to through membership in the Network;
- accepting gifts (other than some minor hospitality) or special favors for him or herself or a member of his or her family from private organizations with which the Network does business;
- influencing the purchase of equipment or materials for the Network from a company in which the participant, the administrator or the director has a financial or other interest.