



Policy Name:	Fiduciary Conflict of Interest (COI) Policy		
Approval Authority:	Chief Operating Officer	Adopted:	January 2015, revised 9/15/2026
Responsible Office:	Chief Operating Officer	Contact:	Chief Operating Officer

A. PURPOSE

The purpose of this Fiduciary Conflict of Interest Policy (the "Policy") is to protect the interests of the Institute for Systems Biology ("Institute") in connection with any transaction or arrangement that might benefit the private interests of any Covered Person, as defined below. This Policy provides (i) a systematic mechanism for disclosing and evaluating potential and actual fiduciary conflicts; and (ii) procedures for the Board of Directors in considering any transaction or arrangement where a conflict may exist.

B. POLICY SUMMARY

This Policy provides procedures for disclosure and management of conflicts of interest for the Board of Directors to ensure that those individuals do not participate in governance and management decisions where they have a conflict.

C. PERSONS COVERED BY THE POLICY

This Policy applies to all "Covered Persons," defined as any voting member of the Institute's Board of Directors. Each Covered Person must complete an annual Fiduciary Conflict of Interest Questionnaire, which requires disclosure of interests held by both the Covered Person and their family members.

For purposes of this Policy, "family member" includes a spouse or domestic partner; parents and grandparents; children, grandchildren, and great-grandchildren; siblings; and the spouses of any of these individuals.

D. LAWS ADDRESSED

1. Internal Revenue Code Section 501(c)(3) *Prohibition Against Private Inurement*
2. Internal Revenue Code Section 4958 *Intermediate Sanctions Penalties on Disqualified Persons for Excess Benefit Transactions*
3. *Common Law fiduciary obligations of officers and directors*

4. Washington Nonprofit Corporation Act – RCW 24.03A – *Standards of Conduct for Directors*
5. Washington Administrative Code (WAC) – Conflict of Interest Rules: WAC 230-07-075 – *Conflicts of Interest (Charitable / Nonprofit Organizations)*

E. DUTIES OF COVERED PERSONS

1. Duty of Care. Every Covered Person shall perform his or her duties for the Institute in good faith and with the degree of care that an ordinarily prudent person would exercise under similar circumstances.
2. Duty of Loyalty. Every Covered Person must act with loyalty to the Institute, meaning that no Covered Person may use his or her position with the Institute to make personal profit or gain other personal advantage. No Covered Person may personally take advantage of a business opportunity that is offered to the Institute unless the Board of Directors determines (after full disclosure and a disinterested and informed evaluation) not to pursue that opportunity.
3. Conflicts of Interest. No Covered Person may engage in any transaction or arrangement or undertake positions with other organizations that involve a conflict of interest except in compliance with this Policy. Covered Persons should avoid both actual conflicts and the appearance of conflicts of interest. Every Covered Person shall:
 - (a) Disclose all actual and potential conflicts as set out below at Section F; and
 - (b) Recuse themselves from voting on any transaction or arrangement in which they have a potential or actual conflict of interest and shall not be present when any such vote is taken.

F. CONFLICT OF INTEREST

Potential Conflict. A Covered Person may have a conflict of interest with respect to a transaction or arrangement whenever they, or any of their family members:

1. Has or anticipates having any ownership interest, investment interest, or serves or anticipates serving as a director or officer of any entity that either: (i) sells goods or services to, or purchases services from Institute; (ii) has any other transaction or arrangement with the Institute; or (iii) competes with the Institute; or
2. Receives compensation or other funding directly or indirectly from the Institute and the transaction or arrangement involves such compensation or funding;
3. Has or anticipates having a compensation arrangement with any entity or individual that either: (i) sells goods or services to, or purchases services from the Institute; (ii) has any other transaction or arrangement with the Institute; or (iii) competes with the Institute;
4. Has accepted any gift, entertainment, or other favor where such acceptance might

create the appearance of influence on the Covered Person (other than gifts of nominal value, which are clearly tokens of respect and friendship unrelated to any particular transaction).

G. DISCLOSURE AND EVALUATION OF CONFLICTS

1. Disclosure. Each Covered Person shall promptly and fully disclose all material facts of every actual or potential conflict of interest:

- (a) Existing at the time when they become a Covered Person;
- (b) That arises while they are a Covered Person, at the time such actual or potential conflict arises; and
- (c) Annually through the annual Fiduciary Conflict of Interest Questionnaire.

All disclosures involving a transaction or arrangement being considered at a meeting of the board or a committee shall be made to all members present at such meeting. All other disclosures shall be made to the Chief Operating Officer (who shall disclose their conflicts to the Board of Directors).

2. Evaluation. The Chief Operating Officer shall disclose to the Board of Directors all conflicts of interest reported to him or her under this Policy. The Board of Directors will evaluate the disclosures to determine whether they involve actual conflicts of interest and may attempt to develop alternatives to remove the conflict from the situation.

H. PROCEDURES FOR ACTING ON CONFLICT OF INTEREST TRANSACTIONS

1. Formal Approval. Institute may enter into a transaction or arrangement in which a Covered Person has a conflict of interest if:

- (a) The Covered Person has disclosed the conflict of interest in accordance with this Policy;
- (b) A majority of voting members who have no interest in the transaction or arrangement approve the transaction or arrangement at a board or committee meeting after determining, in good faith and after reasonable investigation, that the transaction or arrangement is fair and reasonable to the Institute and is in the Institute's best interest;
- (c) Any Covered Person who has an actual or potential conflict with respect to the transaction or arrangement does not participate in and is not present for the vote regarding any such transaction or arrangement (provided, however, that any such Covered Person may appear at a meeting to answer questions concerning the transaction or arrangement); and
- (d) The Board of Directors relies upon appropriate comparability data, such as an independent appraisal or an independent compensation study, in reaching its determination as to the fairness and reasonableness of the transaction or arrangement to the Institute.

2. Transaction Fair to Institute. It shall not be a violation of this Policy if all the requirements for formal approval, outlined above, are not satisfied, so long as the transaction or arrangement is in fact fair to Institute, furthers its tax-exempt purposes, and does not result in inurement, impermissible private benefit or an excess benefit transaction under laws applicable to organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

I. RECORDS OF PROCEEDINGS

1. Content of Minutes. The minutes of the Board of Directors or any subcommittee of the board for any meetings described above shall contain:
 - (a) The names of the persons who disclosed an actual or potential conflict of interest or otherwise were found to have a conflict of interest, and the nature of the conflict of interest; and
 - (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement the content of the discussion, including any alternatives to the proposed transaction or arrangement considered and the appropriate comparability data relied upon, and a record of any votes taken.
2. Timing. The minutes of any meeting described above shall be prepared by the later of the next succeeding meeting of the Board of Directors or subcommittee, or 60 days after the final action on the matter is taken by the Board of Directors or subcommittee.

J. ENFORCEMENT

Each Covered Person shall sign a statement acknowledging that they have received a copy of this Policy, have read and understand it, and agree to comply with it. If the Board of Directors has reasonable cause to believe that a Covered Person has failed to comply with this Policy, the Board may counsel the Covered Person regarding such failure and, if the issue is not resolved to the board's satisfaction, may consider additional corrective action as appropriate.

K. MAINTENANCE OF RECORDS

The Institute's shall maintain records related to this Policy for a minimum of **six (6) years**.