

Approved by Board of Trustees on April 18, 2006

**CODE OF CONDUCT AND ETHICS  
FOR THE HEKTOEN INSTITUTE FOR MEDICAL RESEARCH**

**PURPOSE**

This Code of Conduct and Ethics (the “Code”) has been adopted by the Board of Trustees of The Hektoen Institute for Medical Research, an Illinois not-for-profit corporation, for itself and its subsidiary company, Hektoen Institute for Medical Research, L.L.C., an Illinois limited liability company, and for its other present and future subsidiary companies (collectively “Hektoen”).<sup>1</sup> This Code is intended to be a guide to ethical behavior and to provide standards for behavior by trustees, officers, employees, researchers, contractors, vendors, and agents of Hektoen, and others doing business or having dealings with Hektoen (“Covered Parties”) in order to protect and promote organization-wide integrity and to enhance Hektoen’s ability to achieve its mission. The purpose of the Code is to define clearly Hektoen’s position regarding matters of integrity and ethics and to provide information that will assist Covered Parties in making good personal judgments when dealing with issues of integrity and ethics that arise in the course of their dealings with Hektoen.

Hektoen has a Compliance Officer whose contact information appears below, and a Compliance Committee that has been appointed by Hektoen’s Board of Trustees.

---

<sup>1</sup> As of April 18, 2006, the date of adoption of the Code, Hektoen’s subsidiary companies are Hektoen Institute for Medical Research, L.L.C., Hektoen Grant Services, L.L.C. and Hektoen Labs, L.L.C., each an Illinois limited liability company.

## **BASIS OF CODE AND CORE VALUES**

This Code is based on the principles of beneficence, non-maleficence, and the autonomy of the individual. In this Code, Hektoen recognizes its duty to refrain from causing harm and its duty to respect the rights of research subjects. The Core Values upon which the Code is based include the following:

*Integrity* – Utilizing honesty, trust, and concern for the individual in all decisions, refusing unwarranted favors, avoiding conflicts of interest and upholding scientific and medical ethical standards.

*Competence* – Maintaining a high level of professional skills, and performing duties fully in accordance with relevant laws, regulations, and technical standards.

*Collegiality* – Upholding the attainment of all legitimate and ethical objectives of Hektoen, and promoting a culture of open expression.

## **INTRODUCTION**

The Code contains practical guidelines for ethical business conduct. The purpose of the Code is to address common business situations and ethical issues that Covered Parties may encounter with respect to Hektoen's operations. Upholding these ethical guidelines will preserve the integrity of Hektoen, the reputation of Hektoen, and the ability of Hektoen to administer its grants and programs. All employees, trustees, and officers of Hektoen are required to review this Code and acknowledge such review and their agreement to comply with the Code.

All employees of Hektoen are responsible for striving to ensure that the personnel within their supervision are in compliance with this Code. This requires educating employees regarding their responsibilities under this Code and creating an environment where individuals feel comfortable in raising issues concerning integrity and ethics. All employees are responsible for ensuring that their behavior and activity is consistent with the Code.

**A. Legal Compliance:** Hektoen strives to ensure all activity by or on behalf of the organization is in compliance with all applicable laws. No illegal action by anyone, regardless of

intent to benefit any researcher, research subject, or Hektoen, will be permitted or sanctioned. If any Covered Party is or becomes aware of any violation of any law, rule, or regulation, such violation must be immediately reported to Hektoen's Compliance Officer. Nothing in this Code should discourage any reporting of any illegal activity to any appropriate regulatory authority. Hektoen will not discharge, demote, suspend, threaten, harass, or in any other manner discriminate against any person because he or she in good faith reports any violation.

Hektoen has a legal and ethical obligation to act in compliance with applicable laws and regulations, to engage in activities in furtherance of its purpose, and to ensure that its resources are used in a manner which furthers the public good rather than the private or personal interests of any individual. Consequently, Hektoen will avoid compensation arrangements in excess of fair market value, will accurately report payments to appropriate tax authorities, and will file all tax and information returns in a manner consistent with applicable laws and regulations.

Hektoen expects Covered Parties to refrain from conduct which may violate the fraud and abuse laws. For example, Covered Parties may not: (1) submit false, fraudulent or misleading claims to any government entity or third party payor, including claims for services not rendered, claims which characterize the service differently than the service actually rendered, or claims which do not otherwise comply with applicable program or contractual requirements; and (2) make false representations to any person or entity in order to gain or retain participation in a program or to obtain payment for any services.

No individual may make any agreement to contribute any money, property, or services on behalf of Hektoen to any political committee, candidate, party, or organization. Individuals may wish to contribute their own personal funds to such political causes, so long as no endorsement by Hektoen is implied, either directly or indirectly.

All government contracts and governmental interactions shall be conducted in an honest and ethical manner. Any attempt to influence a governmental body or official, by any means, should be immediately reported to the Compliance Officer.

It is Hektoen's policy to recruit, hire, train, promote, assign, transfer, layoff, recall, and terminate employees based on their ability, achievement, experience, conduct and, if applicable, the provisions of any collective bargaining agreement. Hektoen recognizes that its greatest strength lies in the talents and abilities of its board members, scientists, employees and all others working on its behalf. All employees are responsible for ensuring that Hektoen's work environment is free of all forms of discrimination or harassment due to age, gender, color, religion, national origin, disability, sexual orientation, marital status, or covered veteran status.

Any form of discrimination and/or sexual harassment, including, but not limited to, the creation of a hostile working environment is prohibited. Each allegation of harassment or discrimination will be promptly investigated by Hektoen in accordance with its applicable human resource policies.

**B. Ethical Conduct:** Covered Parties shall deal honestly, ethically, and fairly in the conduct of Hektoen business. In furtherance of Hektoen's commitment to the highest standards of integrity and ethical conduct, Covered Parties shall accurately and honestly represent Hektoen and not engage in any activity intended, directly or indirectly, to defraud anyone of money, property, or services. No Covered Party shall make false or misleading statements to any research subject, patient, person, or entity doing business with Hektoen. All reports issued by Hektoen will be accurate, complete, and truthful.

Covered Parties shall not misappropriate confidential or proprietary information belonging to another person or entity nor utilize any publication, document, computer program,

information, or product in violation of a third party's interest in such product. Covered Parties shall not improperly copy any documents or computer programs in violation of applicable Hektoen policies, copyright laws, or licensing agreements.

**C. Confidentiality:** Covered Parties are in possession of and have access to a broad variety of confidential, sensitive, and proprietary information, the inappropriate release of which could be injurious to individuals, Hektoen's business partners, and Hektoen itself. Covered Parties have an obligation to protect and safeguard confidential, sensitive, and proprietary information in a manner designed to prevent the unauthorized disclosure of such information. Unauthorized disclosure of any confidential information is prohibited. Confidential information should only be communicated to persons with a need to know such information. Covered Parties are required to comply with all applicable privacy and confidentiality standards applicable to Hektoen's business.

Covered Parties have an obligation to conduct themselves in accordance with the principle of maintaining the confidentiality of personal information in accordance with all applicable laws and regulations. In the event that any questions arise regarding the obligation to maintain the confidentiality of information or the appropriateness of releasing information, Covered Parties should seek guidance from the Compliance Officer.

Information, ideas, and intellectual property assets of Hektoen are important for organizational success. Information pertaining to Hektoen's competitive position or business strategies, grant proposals, research, payment and reimbursement information, and information relating to negotiations with employees or third parties should be protected and shared only with employees having a need to know such information in order to perform their job responsibilities. Employees should exercise care to ensure that intellectual property rights, including, but not

limited to, patents, trademarks, copyrights, and software is carefully maintained and managed to preserve and protect its value.

Salary, benefits, and other personal information relating to employees shall be treated as confidential. Personnel files, payroll information, disciplinary matters, and similar information shall be maintained in a manner designed to ensure confidentiality in accordance with applicable laws. Employees will exercise due care to prevent the release or sharing of information beyond those persons who may need to know such information in order to fulfill their job functions.

**D. Conflicts of Interest:** Covered Parties owe a duty of undivided and unqualified loyalty to Hektoen and are required to act in the best interest of Hektoen. Persons holding such positions must refrain from engaging in any activity that presents a “conflict of interest” and may not use their positions to profit personally or to assist others in profiting in any way at the expense of Hektoen. A conflict of interest can arise whenever a Covered Party takes an action or has an interest that prevents the Covered Party from performing duties on behalf of Hektoen honestly or objectively.

All Covered Parties are expected to regulate their activities so as to avoid any conflict of interests, impropriety and/or the appearance of impropriety which might arise from the influence of those activities on business decisions of Hektoen, or from the disclosure or private use of business affairs or plans of Hektoen. Covered Parties are required to disclose to the Compliance Officer any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest. The Compliance Officer or the Compliance Committee will resolve any actual or potential conflicts of interest.

While not all inclusive, the following will serve as a guide of the types of activities that might create a conflict of interest:

1. Ownership in or employment by an outside concern which does business with Hektoen. This does not, however, apply to stock or other investment interests held by an individual in a publicly held corporation, provided that the value of the stock or other investments does not exceed 5% of the publicly-held corporation's stock. Hektoen may, following a review of the relevant facts, permit ownership interests which exceed this threshold if management concludes that such ownership interests will not adversely impact Hektoen's business interest or judgment. Hektoen may also enter into business relationships with individuals, entities or concerns in which Covered Parties have an interest, where the existence of any such relationships are fully disclosed and any business transactions are consistent with applicable law.

2. Disclosure or use of confidential, special, or inside information of or about Hektoen, for the personal profit or advantage of any Covered Party.

3. Competition with Hektoen by a Covered Party.

Except in connection with his/her duties on behalf of Hektoen, no trustee, officer, committee member, or employee of Hektoen shall perform work or render services for any competitor of Hektoen or for any organization with which Hektoen does business or which seeks to do business with Hektoen unless such individual has obtained the express approval of the Compliance Officer or the Compliance Committee. Further, no Covered Party shall participate on any Board of Directors or Board of Trustees where such participation might conflict with the best interest of Hektoen, unless such individual has obtained the prior written approval of the Compliance Officer or the Compliance Committee. All Covered Parties shall comply with any applicable policies of Hektoen regarding the conduct of outside activities. All questions

regarding whether or not participation in an outside activity might present a conflict of interest should be discussed with the Compliance Officer.

With the permission of their supervisors, Hektoen employees are encouraged to participate as faculty and speakers at educational programs and functions. However, any honoraria that an employee receives in excess of Five Hundred Dollars (\$500.00) shall be turned over to Hektoen *unless* the employee used his/her personal time (e.g., after scheduled hours, weekend, vacation, sabbatical) to attend the program, or that portion of the program, for which the honoraria is paid.

**E. Business Relationships:** Business transactions with vendors, contractors, and other third parties shall be conducted without any offers or solicitation of gifts or favors or other improper inducements in exchange for influence or assistance in such transaction.

The standards set forth below are intended to guide Covered Parties in determining the appropriateness of the listed activities or behaviors within the context of Hektoen's business relationships, including, but not limited to, relationships with vendors, providers, contractors, third party payors, and governmental entities. It is Hektoen's intent that this Code be construed broadly to avoid even the appearance of improper activity. If there is any doubt or concern about whether specific conduct or activities are ethical or otherwise appropriate, an individual should contact the Compliance Officer.

**1. Gifts Influencing Decision-Making.** Covered Parties may not accept gifts, favors, services, entertainment, or other items of value to the extent that decision-making or actions affecting Hektoen might be influenced. Similarly, the offer or giving of money, services, or other things of value with the expectation of influencing the judgment or decision making



process of any purchaser, supplier, customer, government official or other person by a Covered Party is prohibited. Any such conduct must be immediately reported to the Compliance Officer.

2. **Gifts from Existing Vendors or Suppliers.** Covered Parties may accept gifts from vendors or suppliers which are nominal in value. (Hektoen has made no attempt to define “nominal” as a specific dollar value. Rather, Hektoen expects Covered Parties to exercise good judgment and discretion in accepting gifts.) If a Covered Party has any concern whether a gift should be accepted, the Covered Party should consult with the Compliance Officer. Covered Parties shall not accept excessive gifts, meals, expensive entertainment, or other offers of goods or services which have more than a nominal value, nor may any Covered Party solicit gifts from vendors, suppliers, contractors or other persons.

3. **Workshops, seminars and training sessions.** Attendance at local, vendor-sponsored workshops, seminars, and training sessions is permitted. Attendance at out of town seminars, workshops and training sessions, at a vendor’s expense, is permitted only with the approval of the Compliance Officer or the Compliance Committee.

4. **Contracting.** Covered Parties may not utilize “insider” information for any business activity conducted by or on behalf of Hektoen. All business relations with contractors must be conducted at arm’s length, both in fact and in appearance, and in compliance with Hektoen’s policies and procedures. Covered Parties must disclose to the Compliance Officer personal relationships and business activities with Hektoen’s contractors, vendors, and suppliers.

5. **Business Inducements.** Covered Parties shall not seek to gain any advantage through the improper use of payments, business courtesies, or other inducements. Offering, giving, soliciting, or receiving any form of bribe or other improper payment is strictly prohibited.

Appropriate commissions, rebates, discounts, and allowances are customary and acceptable business inducements are acceptable; provided, however, that any such commissions, rebates, discounts, and allowances are approved in advance by the Compliance Officer or the Compliance Committee and that they do not constitute illegal or unethical payments. Any such payments must be reasonable in value, justifiable, properly documented, and made to the business entity to whom the original agreement or invoice was made or issued.

In addition, Covered Parties may provide gifts, entertainment, and meals of nominal value to Hektoen's customers, current and prospective business partners and other persons when such activities have a legitimate business purpose and are reasonable and consistent with all applicable laws.

**F. Protection and Proper Use of Hektoen Assets:** Covered Parties shall preserve and protect Hektoen's assets by making prudent and effective use of Hektoen's resources and properly and accurately reporting Hektoen's financial condition.

The standards set forth below are intended to guide Covered Parties with respect to activities or behaviors which may impact Hektoen's financial health or which reflect a reasonable and appropriate use of Hektoen assets.

1. **Internal Control.** Covered Parties are required to comply with any of Hektoen's control standards and procedures to ensure that Hektoen assets are protected and properly used and that financial records and reports are accurate and reliable.

2. **Financial Reporting.** All financial reports, accounting records, research reports, expense accounts, time sheets, and other documents must accurately and clearly represent the relevant facts and the true nature of a transaction. Improper or fraudulent accounting,

documentation, or financial reporting is contrary to the policy of Hektoen and may be in violation of applicable laws.

3. **Travel and Entertainment.** Travel and entertainment expenses should be consistent with a Covered Party's responsibility and the organization's needs and resources. Covered Parties are expected to exercise reasonable judgment in the use of Hektoen's assets and to spend the organization's assets as carefully as or more carefully than they would spend their own assets. Covered Parties must comply with Hektoen's policies relating to travel and entertainment expense.

4. **Personal Use of Corporate Assets.** Covered Parties are prohibited from converting assets of Hektoen to personal use. All property and business of Hektoen shall be conducted in a manner designed to further Hektoen's interest rather than the personal interest of any individual. Covered Parties are prohibited from the unauthorized use or taking of Hektoen's equipment, supplies, materials, or services. Prior to engaging in any activity involving the use of Hektoen's equipment, supplies, materials, or services for personal or non-work related purposes or remuneration, Covered Parties must obtain the prior written approval of the Compliance Officer or the Compliance Committee.

G. **Corrective Action:** Violations of this Code may result in one or more of the following corrective actions, as appropriate:

- warning;
- reprimand;
- probation;
- demotion;
- temporary suspension;

- required reimbursement of losses or damages;
- termination of employment or engagement; and/or
- referral for criminal prosecution or civil action

Corrective actions may apply to any supervisor who directs or approves any prohibited actions, or has knowledge of them and does not promptly correct them.

As stated above, reporting possible violations of this Code will not result in retaliation for making any report.

Conduct that violates this Code may also violate federal or state laws. These violations may subject a Covered Party to prosecution, imprisonment and fines.

\* \* \*

All questions, concerns, or reports of violation should be directed to the Compliance Officer:

Patrick Guinan, MD  
Compliance Officer  
Hektoen Institute  
2240 W. Ogden  
2<sup>nd</sup> Floor  
Chicago, IL 60612  
(312) 768-6035  
patrick.guinan@hektoen.org

Compliance Hotline (anonymous)  
(312) 768-6060

In the event of a concern related to the Compliance Officer, contact Hektoen's external

Legal Counsel:

Mr. Alvin Kruse, Esq.  
Seyfarth Shaw LLP  
131 S. Dearborn, Suite 2400  
Chicago, IL 60603  
(312) 460-5824  
akruse@seyfarth.com