

PROFECTUS BIOSCIENCES, INC.
CONFLICT OF INTEREST POLICY

I. INTRODUCTION.

The biotechnology industry is highly competitive, and Profectus BioSciences, Inc. (the “Company”) and the people associated with it must balance the urge to share new data, suppositions, and discoveries with the public against the need to protect the Company’s business interests and intellectual property and discoveries. In addition, people associated with the Company may advise or own interests in companies engaged in similar businesses or in companies with which the Company desires to do business. The relationships that the individuals associated with the Company have with other these companies may create real or apparent conflicts of interest between the Company and the individual. This Conflict of Interest Policy is designed to identify and address potential, actual and apparent conflicts of interest between the Company and those individuals associated with it. The procedures established by this Conflict of Interest Policy are intended to protect the Company’s business and to assure the integrity of its decision making. This Policy is intended to supplement any applicable laws governing conflicts of interest applicable to the Company.

II. GENERAL PRINCIPLES.

The purpose of this Conflict of Interest policy is to

- Define the circumstances giving rise to a “conflict of interest” between the Company and any individual who is associated with the Company;
- Establish a policy pursuant to which individuals associated with the Company disclose such conflicts to the Company, and
- Establish procedures for the Company’s Board of Directors (the “Board”) and management to: (a) assess when an actual, threatened, or apparent conflict of interest could or does (I) compromise or appear to compromise an affiliated person’s ability to act on the Company’s behalf in a fair and unbiased manner or to otherwise discharge his or her duties or responsibilities to the Company, or (2) provide an incentive for the affiliated person to act other than in a fair and unbiased manner in the Company’s best interest; and (b) determine the action to be taken to eliminate a threatened, actual, or apparent conflict.

III. DEFINITIONS.

A. Affected Person - An Interested Person who either discloses the existence of a Conflict of Interest with the Company or who the Conflict Committee determines has, could have, or appears to have, either directly or by virtue of his or her relationship with a Related Person, a Conflict of Interest with the Company.

B. Affiliate - With respect to any Person, any other Person or entity that controls such Person, is controlled by such Person, or is under common control with such Person. An Interested Person who is an officer, director, managing member, general partner, or managing partner of a Relevant Entity will be deemed to be an Affiliate of the Relevant Entity.

C. Business Interest - An Interested Person or a Related Person will be deemed to have a business interest in a Relevant Entity if: (1) the Interested Person or Related Person (a) is employed by the Relevant Entity, (b) is an agent or representative of, or a consultant or advisor (including a scientific advisor) to, the Relevant Entity, (c) is indebted to the Relevant Entity in the amount of \$10,000 or more, (d) has a right to, or a financial or other interest in, any intellectual property that the Relevant Entity owns or to which the Relevant Entity otherwise has any right, including, without limitation, a right to license and other fees arising from or relating to such intellectual property, or (d) is entitled to receive, or would be entitled to receive but for the assignment of such right to another person, at least \$10,000 in cash or property from the Relevant Entity in any twelve-month period; or (2) the Relevant Entity is indebted to the Interested Person or Related Person in the amount of \$10,000 or more.

D. Conflict Committee. The committee appointed by the Board to administer this Conflict of Interest policy, or, if a committee is not appointed by the Board, the Executive Committee of the Company.

E. Conflict of Interest - As defined in Article IV hereof.

F. Control (including “controlling,” “controlled by” and “under common control with”) - The power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether through the ownership of voting securities or by contract or otherwise.

G. Interested Person - (1) Any of the Company’s directors, officers, employees, or Scientific Advisory Board members, (2) any Person who serves as a consultant to the Company, and (3) any Investigator, scientist, researcher or grantee who is responsible for any of the research and development activities that the Company conducts.

H. Investigator - The principal investigator and any other person, who is responsible for the design, conduct, or reporting of research funded by a Public Entity, or proposed for such funding.

I. Ownership Interest - The beneficial ownership of: (1) more than five percent of a Relevant Entity’s voting securities, (2) debt or equity securities convertible into more than five percent of a Relevant Entity’s voting securities, or (3) an interest of more than five percent of any Relevant Entity that is a limited liability company or a partnership. For purposes of this definition, debt and options convertible into voting securities will be treated as though converted as of the date of determination and included in the calculation, but diversified mutual fund shares will be excluded from the calculation. For purposes of this definition, a Related Person’s beneficial ownership of any of the above will be attributed to the Interested Person to whom the Related Person is related.

J. Person - A Person is: a natural person; a corporation; a company, including a limited liability company, a joint stock company, and a trust company; a partnership, including a limited partnership, a limited liability partnership, and a general partnership; a joint venture; an association; a bank; a trust, including a land trust and a business trust, and any other organization, whether or not a legal entity, a government and each of its agencies and political subdivisions, and the respective successors and permitted assigns of each of the foregoing (or in the case of a governmental person, the successor functional equivalent of such Person).

K. PHS Act - The statute codified at 42 U.S.C. 201 et seq., and the underlying regulations as published in 42 C.F.R. 50, Subpart F.

L. Public Entity - The Public Health Service (“PHS”), the National Institute of Health (“NIH”), the Agency for Healthcare Research and Quality (“AHRQ”), and any other public institution.

M. Related Person - A Related Person is a spouse, domestic partner, grandparent, parent, brother, sister, brother-in-law, sister-in-law, aunt, uncle, or child of an Interested Person.

N. Relevant Entity - A Relevant Entity is (1) any Person with which the Company has an agreement, a contract, or a business relationship or with whom the Company proposes to enter into an agreement, a contract, or a business relationship and (2) any Person in substantially the same business as the Company.

O. Research - A systematic investigation designed to develop or contribute to generalizable knowledge relating broadly to public health, including, but not limited to, behavioral and social-sciences research, basic and applied research and product development, and any activity for which research or research training funding is available from a Public Entity through a grant or cooperative agreement, whether authorized under the PHS Act or other statutory authority.

P. Significant Financial Interest - Anything of monetary value, including but not limited to, salary or other payments for services (e.g., consulting fees or honoraria); equity interests (e.g., stocks, stock options or other ownership interests); and intellectual property rights (e.g., patents, copyrights and royalties from such rights). The term does not include: (1) salary, royalties, or other remuneration from the Company; (2) any ownership interests in the Company, if the Company is an applicant under the SBIR Program; (3) income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities; (4) income from service on advisory committees or review panels for public or nonprofit entities; (5) an equity interest that when aggregated for the Investigator and the Investigator's spouse and dependent children: (i) does not exceed \$10,000 in value (as determined through reference to public prices or other reasonable measures of fair market value); and (ii) does not represent more than a five percent ownership interest in any single entity; or (6) salary, royalties or other payments that when aggregated for the Investigator and the Investigator's spouse and dependent children over the next twelve months, are not expected to exceed \$10,000.

Q. SBIR Program – The extramural research program for small business known as the Small Business Innovation Research Program and the Small Business Technology Transfer Program.

IV. *CONFLICT OF INTEREST.*

A Conflict of Interest will be deemed to exist when an Interested Person has an external economic or other private interest that, with respect to a particular matter, (I) could or does compromise or appear to compromise the Interested Person's ability to act on the Company's behalf in a fair and unbiased manner or to otherwise discharge his or her duties or responsibilities to the Company or (2) provides an incentive for the Interested Person to act other than in a fair and unbiased manner in the Company's best interest (a "Conflict of Interest"). Specifically, and without intending to limit the foregoing, an Interested Person will be deemed to have a Conflict of Interest with respect to any particular matter, arrangement, or proposed arrangement between the Company and a Relevant Entity if the Interested Person (I) is an Affiliate of the Relevant Entity, (2) is a consultant or advisor to the Relevant Entity, or (3) has an Ownership Interest, a Business Interest, or a Significant Financial Interest in the Relevant Entity.

V. *PROCEDURES.*

A. Disclosure and Identification of Actual, Threatened, and Apparent Conflicts of Interest.

1. The Board shall designate an officer or director of the Corporation to solicit and review information regarding potential Conflicts of Interest, including, but not limited to, financial disclosure statements from any Interested Person planning to participate in Research funded by a Public Entity (the "Designated Official").

2. Each Interested Person who is planning to participate in Research funded by a Public Entity must submit to the Designated Official a listing of his or her known Significant Financial Interests (and those of his/her spouse and dependent children): (i) that would reasonably appear to be affected by the Research for which funding is sought and (ii) in entities whose financial interests would reasonably appear to be affected by the Research. Each Interested Person must update all financial disclosures during the period of the award, either on an annual basis or as new reportable Significant Financial Interests are obtained.

3. Within 30 days following the end of each calendar year, each Interested Person will complete and deliver to the Designated Official a Conflict of Interest questionnaire in the form provided by the Company.

4. Within ten days of any Interested Person becoming aware that, with respect to any matter, arrangement, or proposed arrangement between the Company and a Relevant Entity, he or she or a Related Person (a) is an Affiliate of the Relevant Entity, (b) has an Ownership Interest, a Business Interest or a Significant Financial Interest in the Relevant Entity, or (c) has any other external economic or other private interest in the arrangement or in the Relevant Entity that could give rise to a Conflict of Interest with respect to the, matter, the arrangement, or the proposed arrangement, the Interested Person will notify the Designated Official in writing of the

existence and nature of the Ownership Interest, the Business Interest, or a Significant Financial Interest or other interest.

5. Within ten days of an Interested Person becoming aware that such person or a Related Person's relationship to a Relevant Entity has changed so as to make a prior Conflict of Interest disclosure incorrect in any respect, the Interested Person will notify the Conflict Committee in writing of such change.

6. The Designated Official, the Conflict Committee or any member of the Board may, after considering facts of which such Person becomes aware other than by a disclosure made by an Interested Person, determine that an actual, apparent, or threatened Conflict of Interest exists between the Company and an Interested Person.

B. Meeting to Resolve the Conflict. Within 30 days of being notified or otherwise becoming aware, under Subsection A of this Article V, of facts and circumstances that have given rise, threaten to give rise, or appear to give rise to a Conflict of Interest with respect to any particular matter, arrangement, or proposed arrangement or of a change in the relationship of an Interested Person or a Related Person to a Relevant Entity, the Designated Official shall schedule a meeting between the Conflict Committee and the Affected Person in order to discuss such facts and circumstances. At or prior to the meeting, the Affected Person will disclose to the Conflict Committee all material facts and documents relating to the Conflict of Interest then being considered.

C. Notice of Findings and Remedy for Conflict. Within 20 days of the meeting, the Conflict Committee will release a written notification of its findings to the Affected Person. If the Conflict Committee determines that the Interested Person or a Related Person has an external economic or other private interest that, with respect to a particular matter, arrangement, or proposed arrangement that (1) could or does compromise or does appear to compromise the Interested Person's ability to act on the Company's behalf in a fair and unbiased manner or to otherwise discharge his or her duties or responsibilities to the Company or (2) provides an incentive for the Interested Person to act other than in a fair and unbiased manner in the Company's best interest, the Conflict Committee will take such action or recommend that the Board take such action as is necessary to manage, reduce or eliminate the Conflict of Interest: Examples of conditions or restrictions that might be imposed to manage, reduce or eliminate Conflicts of Interest include, but are not limited to: (i) public disclosure of Significant Financial Interests; (ii) monitoring of Research by independent reviewers; (iii) modification of the Research plan; (iv) disqualification from participation in all or a portion of the Research; (v) divestiture of Significant Financial Interests; or (vi) severance of relationships that create actual or potential conflicts.

D. No Participation. No Affected Person whose Conflict of Interest is being considered by the Conflict Committee will be counted for the purpose of determining the presence of a quorum at any Conflict Committee meeting or Board meeting during which his Conflict of Interest is considered, participate in the deliberations of the Conflict Committee or the Board in respect of such Conflict of Interest, vote on any matter related to such Conflict of Interest, or be present in the room in which, or participate in any telephonic conference during which, a vote is taken.

E. Board may Act. Any and all of the duties and responsibilities of the Conflict Committee herein may be assumed and performed by the Board or any committee to which the Board may delegate the responsibility to perform the duties of the Conflict Committee.

F. Reports.

1. Prior to the expenditure of any funds awarded by a Public Entity, including NIH or AHRQ funds awarded under a new Kirschstein-NRSA Individual Fellowship, the Company shall inform the Public Entity of the existence of any conflicting financial interests of the type covered by the PHS Act and assure that the interest has been managed, reduced, or eliminated in accordance with the PHS Act.

2. The Company shall continue to make similar reports on subsequently identified conflicts; and it will make information available to the Public Entity, upon request, as to how identified conflicting interests have been handled.

3. The Company shall maintain records of all financial disclosures and all actions taken by the Company with respect to each conflicting interest for at least three years from the date of submission of the final expenditures report or, where applicable, from other dates specified in 45 CFR 74.53(b) for different situations.

VI. VIOLATIONS OF THIS CONFLICT OF INTEREST POLICY.

If the Board, the Company's Executive Committee, or the Conflict Committee reasonably believes that an Interested Person has failed to comply with this Conflict of Interest Policy, it will notify the Interested Person of such belief and the basis therefor and afford the Interested Person the opportunity to explain his or her failure to make the required disclosures or to comply with the elimination request. If, after hearing the Interested Person's response and making any further investigation as the Board, the Executive Committee, or the Conflict Committee deems necessary or desirable in the circumstances, the Board, the Executive Committee, or the Conflict Committee determines that the Interested Person has failed to comply with this Conflict of Interest Policy, it will take appropriate disciplinary and corrective action. If the failure of an Interested Person to comply with the Conflict of Interest policy of the Company has biased the design, conduct, or reporting of any Research funded by a Public Entity, the Company must promptly notify the Public Entity of the corrective action taken or to be taken.

VII. POLICY REVIEW

Each Interested Person will be required to review this policy annually and acknowledge in writing that he or she has done so.