

Conflicts of Interest

1.0 Policy

The mission of Caltech is to expand human knowledge and benefit society through research integrated with education. In pursuit of this mission, Caltech adheres to the [Code of Conduct](#) comprising its code of conduct and strives for the highest level of integrity and public confidence. Caltech's integrity rests on the personal integrity of each of us who is called upon to act on behalf of Caltech. Caltech is committed to ensuring that decisions made on its behalf reflect the highest ethical standards and that its research and instruction remain a rigorous and open inquiry, unencumbered by conflicts of interest, real or perceived, that might affect the sound judgment of its trustees, officers, senior management, faculty, students, postdoctoral scholars, visitors and staff. Each of us, therefore, is responsible for identifying and resolving conflicts between personal and institutional interests. We each must act in the best interests of Caltech and refrain from taking part in any transaction where we do not believe in good faith that we can act impartially.

Individual conflicts of interest may affect Caltech's trustees, officers, faculty, postdoctoral scholars, visitors or staff. An individual conflict of interest is a situation that may compromise an individual's professional judgment in carrying out Institute business due to an external relationship that directly or indirectly affects the interest of the individual or an immediate family member. Each situation that presents a potential for conflict of interest must be fully disclosed to Caltech and managed or eliminated before moving forward. Conflicts of interest also include conflicts of commitment, which are situations in which external activities, either paid or unpaid, interfere with an employee's primary obligation and commitment to Caltech. While everyone should take care to avoid conflicts of commitment, there are special considerations, including disclosures, that apply to those performing federally sponsored research at Caltech. Federal sponsors have an interest in ensuring that the researchers supported on their awards are not over committed. The Division Chairs and the Office of Research Compliance serve as resources to researchers who have questions concerning whether particular activities they are considering may pose a conflict of commitment. Faculty, postdocs, visiting researchers and research staff are expected to comply with this policy and are required to complete Caltech's [Financial Interest and Commitment Disclosure Form](#) within 30 days of hire and on an annual basis, and to submit changes or additions within 30 days of a new interest, activity, or change.

In academic research, the term conflict of interest refers especially to situations in which financial or other personal considerations may compromise, or may have the appearance of compromising, an investigator's professional judgment in conducting or reporting research. The bias can affect collection, analysis, and interpretation of data, hiring of staff, and procurement of materials, sharing of results, choice of protocol, and the use of statistical methods. Conflicts of interest can affect all scholarly fields.

Caltech has established its conflict of interest policies and procedures that apply to all Caltech employees, including faculty, to ensure compliance with Caltech's ethical standards as well as with the laws, rules, and regulations that govern Institute activities, while fostering and sustaining an environment of openness and integrity.

2.0 Individual Conflicts of Interest

The broad principles in this policy encompass a variety of situations, many of which do not fall into patterns for which specific guidelines may be established. Conflicts of interest inevitably arise from time to time in everyday business life; some may appear to be inconsequential or may even be advantageous to Caltech. It is important, however, that all employees make timely disclosure of any such conflict of interest. Each employee should apply their sense of integrity and common sense to disclose any circumstances that are, may become, or may give the appearance of a possible conflict of interest. Supplementing this broad policy statement are the following rules to be observed on specific matters:

- 2.1 Each employee has a duty to act in the best interest of Caltech and avoid actions that would call into question the integrity of the employee or Caltech.
- 2.2 An employee who has directly or through family or business connections, a material interest in suppliers of goods or services, or an interest in contractors or potential contractors with Caltech, should not act on behalf of Caltech in any transaction involving that interest. No employee should participate in the selection, award, or administration of a contract with any party with whom they are negotiating regarding potential employment or any arrangement concerning potential employment.
- 2.3 An employee should avoid outside activity involving obligations that may conflict or appear to conflict with Institute interests, including its interest in the employee's full- or part-time services (i.e. a conflict of commitment). Activities to disclose include, but are not limited to, paid or unpaid directorships, external academic appointments, editorial positions, service on advisory boards, consulting or similar arrangements, and other outside employment. Campus and JPL staff and postdoctoral scholars are required to obtain approval prior to engaging in outside activities. Campus and JPL staff and postdoctoral scholars must complete the [Request for Outside Activity](#) form as required in [Personnel Memorandum PM 9-3](#).
- 2.4 To avoid the appearance of a conflict of interest, an employee should provide full disclosure of any business or financial enterprise or activity in which they are involved that might influence, or might appear to influence, their official decisions or actions on Caltech matters.
- 2.5 An employee should refrain from personal activities that include, but are not limited to, the purchase or sale of securities, real property, or other goods or services in which they could use or might appear to have the opportunity to use, for personal gain, confidential information or special knowledge gained as a result of their relationship with Caltech.
- 2.6 An employee should refrain from unauthorized disclosure of nonpublic information concerning Caltech. Additionally, an employee should not use nonpublic information accessed through the performance of a government contract for personal gain.
- 2.7 No employee should make unauthorized use of Caltech resources for their personal benefit or for the benefit of any other person. Incidental personal use of resources is authorized by Caltech. See [Acceptable Use of Electronic Information Resources Policy](#) and JPL Rules for requirements at JPL.

- 2.8 It is sound practice to discourage gifts and favors from people with whom Caltech has a business relationship. Personal gifts of more than nominal value should be tactfully declined or returned to avoid any appearance or suggestion of improper influence. Any employee involved in awarding or administering contracts using federal or other government funds should keep in mind that state and federal law contain prohibitions against soliciting or accepting gratuities, favors, or anything of monetary value from contractors or potential contractors.
- 2.9 Any employee doing business on behalf of Caltech with specific vendors should refrain from participating going on leisure trips with representatives of those vendors. Such trips are not appropriate, even when a staff employee pays a fee to the vendor to participate in such trips.
- 2.10 No employee should act in any Institute matter involving a member of their immediate family including, but not limited to, matters affecting family members' employment or evaluation or advancement in Caltech. Immediate family includes an employee's spouse or domestic partner and children. The employment of relatives as that term is defined in [Personnel Memorandum \(PM 9\)](#), is subject to the conditions and restrictions described in [PM 9](#), including the requirement to complete the Nepotism Evaluation process whenever a relative of an employee is considered for employment in the same organization as the employee.

Any employee who believes that their conduct or activities may or may appear to conflict with these guidelines or activities or otherwise create a conflict of interest, should make an appropriate disclosure. You may also report possible conflicts of interest by calling the Campus Hotline at (626) 395-8787 or submitting a [hotline form](#). JPL employees should consult Laboratory requirements, and seek guidance and/or report possible conflicts of interest by contacting the JPL Ethics Office.

3.0 Additional Faculty Responsibilities

It is acknowledged that, in their wider roles as academicians and professionals, the faculty may be subject to conflicts of interest that are not necessarily financial and that are not within the scope of a policy that is designed to address conflicts of interest in the employer-employee setting. For example, this policy is not designed to address conflicts that may be encountered in service to a professional society. Other activities not covered by this policy are best handled within the ethical guidelines established by the Faculty Handbook. Faculty members must be aware of potential conflicts to ensure an open and productive environment for research and teaching. Conflicts of interest may arise when faculty members have the opportunity to influence Caltech's business decisions or when outside relationships may or may appear to compromise the integrity of decisions made as teachers and researchers. A faculty member's general commitment to Caltech requires that members perform their responsibilities to Caltech and appropriately use their own judgment in deciding whether to engage in a variety of extramural activities, within the confines set forth in the Faculty Handbook. As a result, Caltech relies on its faculty to be alert to the possible effect of outside activities on the integrity of their decisions and on their ability to fulfill their obligations to Caltech and to federal and private research sponsors. Accordingly, in addition to the conflict rules set forth above, the following guidance is provided for faculty:

- 3.1 Disclosure is imperative if the faculty member directs students in a research area and, as a result, the faculty member intends to realize financial gain. An example is a research area within the ambit of a business in which the faculty member has a

significant ownership interest or which employs the faculty member as a consultant. Any involvement of undergraduates, graduate students, or postdoctoral scholars in the outside professional activities of the faculty member directing the student's research must be specifically approved in advance by the division chair. The student or postdoctoral scholar must also sign the written disclosure to signify understanding of the issues involved.

- 3.2 Disclosure is mandatory if the faculty member has a significant interest in a business under circumstances that link the fortunes of the business to the faculty member's research.
- 3.3 Disclosure is mandatory if the faculty member is to receive sponsored support for research from a business for which the faculty member is a consultant, or in which the faculty member has a significant financial interest.

4.0 Conflict of Interest Requirements Imposed by Federal Sponsors

Federal sponsors, including National Science Foundation (NSF) and Public Health Service (PHS), have issued specific rules regarding the disclosure of significant financial interests and the management of financial conflicts of interest as a condition for submitting proposals and accepting awards of financial support from these agencies. Members of the Caltech community proposing or working on any activity funded by a federal sponsor, including NSF or PHS (including the National Institutes of Health) are required to comply with [Caltech's Policy and Procedures for Managing Conflict of Interest Requirements Imposed by Federal Sponsors, and other sponsor disclosure requirements](#).

5.0 Institutional Conflicts of Interest Policy

Institutional conflicts of interest differ from individual conflicts of interest. An institutional conflict of interest is a situation in which the research, teaching, outreach, or other activities of Caltech may be compromised because of an external financial or business relationship held by Caltech that may bring financial gain to Caltech.

5.1 Identifying Institutional Conflicts of Interest

Caltech has many legitimate interests that may at times conflict. Management of institutional conflicts of interest is by its very nature more complex than that of individual conflicts of interest. External relationships to sponsors and supporters of the institution, the local community's acceptance of economic development activities, the institution's obligations as a charitable organization receiving preferential tax treatment, and the institution's perception of its teaching, research, and academic missions all impact how potential conflicts of interest are managed. The examples and issues presented below do not necessarily constitute inappropriate conflicts of interest. Each situation must be judged on the facts and merits of the relationship with an eye to what reasonable individuals outside Caltech might consider to be appropriate. Any activity, financial and/or operational, that may bring into question Caltech's reputation, integrity, and objectivity should be considered for possible conflicts of interest. The following are examples of potential situations that may give rise to institutional conflicts of interest:

- 5.1.1 Significant gifts to Caltech from a commercial sponsor of research may raise questions about the influence of the company on Caltech's research programs and how they are managed. Similar concerns arise when individual companies sponsor research or provide significant consulting income to a significant number

of faculty members within a single academic division. Gifts or promise of gifts, in exchange for favorable terms on a technology license or a first look at intellectual property may also pose a problem.

- 5.1.2 The acquisition of goods and services for Caltech represents a large portion of Caltech's expenditures. Purchasing goods and services from companies that sponsor research at Caltech, or who are licensees of Institute technology, may raise issues similar to those raised by large gifts from commercial sponsors.
- 5.1.3 A potential institutional conflict of interest exists simply by Caltech having a license agreement with, or an equity position in, a company sponsoring a faculty member's research. In these situations, there may be, or may appear to be, a bias to accept terms and conditions that would facilitate the company's success.

5.2 Reporting Institutional Conflicts of Interest

If you identify a situation that appears to be an institutional conflict of interest, you should report the situation to either the vice president for administration and chief financial officer or to the provost on campus or to the associate director for business at JPL. You may also make a report by calling the Campus Hotline at (626) 395-8787 or the JPL Ethics Office at (818) 354-6338 or submitting a [hotline form](#).



Thomas F. Rosenbaum
President