CIRM
CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

Memorandum

To: Members of the Independent Citizens' Oversight Committee (ICOC)
From: Rafael Aguirre-Sacasa, General Counsel
Re: Proposed Amendments to Employee Conflict of Interest Policy
Date: December 11, 2025

Summary
In alignment with CIRM's commitment to transparency, impartiality, and public trust, the Employee Conflict of Interest (COI) Policy (the Policy) has been revised to reflect evolving legal standards, operational experience, and best practices. The updated policy, effective June 2025, strengthens the agency's internal safeguards by clarifying definitions, expanding disclosure requirements, and formalizing procedures for identifying and resolving conflicts. These changes ensure that CIRM continues to exceed state conflict of interest standards and remains a model of ethical public service.

Introduction
CIRM employees are subject to the conflict-of-interest provisions of the Political Reform Act (PRA), Government Code sections 1090 and 19990, and the agency's Conflict of Interest Code. Since 2005, CIRM has also maintained an internal COI policy that goes beyond these legal requirements. The revised 2025 policy continues this tradition by incorporating clearer standards, broader definitions, and a formalized disclosure and resolution process.

Generally speaking, the PRA requires employees to disclose certain financial interests and to refrain from participating in decisions in their official capacity when their financial interests may be affected by their participation. Pursuant to the PRA, the agency reviews its conflict-of-interest code to ensure all appropriate individuals are included in the agency's code and the levels of disclosure are appropriate. This process is overseen by another agency, the FPPC, which has created a model conflict of interest code which CIRM has adopted as its own.

Despite the existing state law structure governing conflict of interests for CIRM employees, CIRM nevertheless created an Employee COI policy in 2005 to go above and beyond state law in identifying circumstances in which CIRM employees must refrain from participating. These additional areas generally prohibit the following:

1) participation in the review or administration of a grant where the CIRM employee or family member is also an employee of the applicant or PI;
2) participation where the employee or family member could receive a financial benefit;
3) participation where the PI is or has been an associate or collaborator of the employee;
4) participation in the preparation of a grant application;
5) ownership of stock exceeding $10,000 in a company with a substantial interest in stem cell therapies; and

6) consulting, teaching or advisory board service for any institution funded by the agency.

Summary of Key Amendments

The CIRM team proposes improvements to each section of the Policy. (A red-line version is attached as **Exhibit A** and a clean version is attached as **Exhibit B** to this memorandum.) Throughout the document are non-substantive revisions to grammar and terminology to improve clarity and comport with CIRM practice and usage. In addition, the following substantive improvements are proposed:

Clarified Definitions

- "Immediate family member" is defined in accordance with the PRA.

Expanded Prohibitions

- Employees may not participate in matters involving institutions where they or a family member are employed.
- Prohibitions now define 'financial benefits' in accordance with the Political Reform Act, including direct or indirect monetary gain to the employee or their immediate family.
- The definition of "research collaborator" is refined and now includes a three-year lookback for collaborators, mentors, and trainees, defined as individuals with whom the employee has worked on the same research project, publication, or product development effort.
- Employees may not assist in reviewing applications for which they have or may have a conflict beyond providing publicly available information to the applicant or awardee.
- Investment restrictions now apply to companies devoting 20% or more of their research budget to cell and gene therapy, based on publicly available information, and excludes diversified mutual funds and investments under $10,000, which remain subject to PRA disqualification rules.
- Clarifies that uncompensated voluntary clinical faculty roles are permitted, provided there is no financial benefit or supervisory relationship with CIRM-funded projects.

New Procedural Framework for Disclosing Known or Potential Conflicts

- **Exhibit A**: Employees must disclose and acknowledge known conflicts and certify compliance.
- **Exhibit B**: Establishes a formal Conflict Disclosure and Resolution Procedure, including:
    - Initial and annual disclosure requirements
    - Ongoing obligation to report new or changed circumstances
    - Immediate recusal pending review
    - Legal Department review and determination
    - Corrective measures and documentation
    - Disciplinary consequences for non-compliance

Requested Action: CIRM requests ICOC approval of the proposed amendments to the CIRM Employee Conflict of Interest Policy.