



CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS

CODE OF CONDUCT and ETHICS

I. OVERVIEW

A. Authority

Pursuant to Section 572.051(c) of the Government Code and Section 102.109 of the Health & Safety Code, the Cancer Prevention and Research Institute of Texas (CPRIT) promulgates the following Code of Conduct and Ethics (Code).

B. General Principles

(1) This Code recognizes CPRIT's unique role as the steward of taxpayer funds in furtherance of CPRIT's mission and the ultimate beneficiaries of the funds, the citizens of the State of Texas and sets forth the basic principles and guidelines for Oversight Committee Members, PIC Members, and Employees.

(2) Oversight Committee Members, PIC Members, and Employees are expected to discharge their duties in a manner that promotes and preserves public trust, proper stewardship, and confidence in the integrity of CPRIT and be guided by the basic principles of loyalty, prudence, honesty and fairness in conducting CPRIT's affairs.

C. Definitions

In this Code:

(1) "Audit Subcommittee" means the standing Audit Subcommittee of the Oversight Committee established by CPRIT bylaws.

(2) "Business entity" means any entity recognized by law through which business for profit is conducted, including a sole proprietorship, partnership, firm, corporation, holding company, joint stock company, receivership, or trust. Tex. Gov't Code Ann. § 572.002(2).

(3) "CPRIT" means the Cancer Prevention and Research Institute of Texas.

(4) "CEO" means the Chief Executive Officer of CPRIT.

(5) “Employee” means a person working for CPRIT in an employer-employee relationship.

(6) “Grant Applicant” means the public or private institution of higher education, as defined by §61.003, Education Code, research institution, government organization, non-governmental organization, non-profit organization, other public entity, private company, individual, or consortia, including any combination of the aforementioned, that submits a grant application to CPRIT. Unless otherwise indicated, this term includes the Principal Investigator or Program Director.

(7) “Grant Recipient” means the entire legal entity responsible for the performance or administration of the CPRIT grant. Unless otherwise indicated, this term includes the Principal Investigator, Program Director, or Company Representative.

(8) “Oversight Committee Member” means a member of the CPRIT Oversight Committee.

(9) “Oversight Committee” means CPRIT’s governing body, composed of the nine individuals appointed by the Governor, Lieutenant Governor, and the Speaker of the House of Representatives.

(10) “Program Integration Committee” (PIC) means the group composed of the Chief Executive Officer, the Chief Scientific Officer, the Chief Product Development Officer, the Commissioner of State Health Services, and the Chief Prevention Officer that is responsible for submitting to the Oversight Committee the list of grant applications the PIC recommends for grant awards.

(11) “PIC Member” means a member of the PIC.

(12) “Relative” means a person related within the second degree by consanguinity or affinity determined in accordance with Sections 573.021 – 573.025, *Government Code*. For purposes of this definition:

(A) examples of an individual within the second degree by consanguinity are a child, grandchild, parent, grandparent, brother, sister, uncle, aunt, niece, or nephew;

(B) examples of an individual within the second degree by affinity are a spouse, a person related to a spouse within the second degree by consanguinity, or a spouse of such a person;

(C) an individual adopted into a family is considered a Relative on the same basis as a natural born family member; and

(D) an individual is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.

D. Enforcement

(1) The Oversight Committee shall enforce this Code with respect to Employees through the CEO. The CEO is responsible for implementing this Code with respect to Employees and PIC Members. An Employee who violates any provision of the Code is subject to termination of the employee's employment or another employment-related sanction.

(2) The Oversight Committee shall enforce this Code with respect to individual Oversight Committee Members through resolutions of reprimand, censure, or other appropriate parliamentary measures, including requests for resignation.

(3) An Oversight Committee Member, PIC Member, or Employee who violates any applicable federal or Texas law or rule may be subject to civil or criminal penalties in addition to any employment-related sanction.

II. STANDARDS OF CONDUCT

A. Expected Conduct of Oversight Committee Members, PIC Members, and Employees

All Oversight Committee Members, PIC Members, and Employees shall:

(1) familiarize themselves with the Code and should be specifically knowledgeable of Chapter 102, *Health & Safety Code*, Chapter 572, *Government Code*, and Sections 36.02 (Bribery), 36.07 (Acceptance of Honorarium), 36.08 (Gift to Public Servant), 39.02 (Abuse of Official Capacity), and 39.06 (Misuse of Official Information), *Penal Code*;

(2) abide by all applicable federal and Texas laws, administrative rules, and CPRIT conduct policies, including this Code. The Code does not supersede any applicable federal or Texas law or administrative rule;

(3) perform his or her official duties in a lawful, professional, and ethical manner;

(4) practice responsible stewardship of CPRIT resources; and

(5) report any conduct or activity that the employee believes to be in violation of this Code of Conduct policy to the Chief Compliance Officer or the General Counsel, as may be appropriate. Retaliatory action may not be taken against a person who makes a good faith report of a violation involving another person.

B. Prohibited Conduct

An Oversight Committee Member, a PIC Member, an Employee, or the spouse of an Oversight Committee Member, a PIC Member, or an Employee shall not:

- (1) accept or solicit any gift, favor, or service that could reasonably tend to influence member or employee in the discharge of official duties, or that the member, employee, or spouse of the member or employee knows or should know is being offered with the intent to influence the member's or employee's official conduct;
- (2) intentionally or knowingly solicit, accept, or agree to accept any benefit for exercising the member's official powers or performing the member's or employee's official duties in favor or another;
- (3) disclose confidential information, information that is excepted from public disclosure under the Texas Public Information, or information that has been ordered sealed by a court, that was acquired by reason of the member's or employee's official position, or accept other employment, including self-employment, or engage in a business, charity, nonprofit organization, or professional activity that the member or employee might reasonably expect would require or induce the member or employee to disclose confidential information, information that is excepted from public disclosure under the Texas Public Information Act, or information that has been ordered sealed by a court, that was acquired by reason of the employee's official position;
- (4) accept other employment, including self-employment, or compensation that could reasonably impair the member's or employee's independent judgment in the performance of the official duties;
- (5) make personal investments or have a financial interest that could reasonably create a substantial conflict between the member's or employee's private interest and the member's or employee's official duties;
- (6) utilize state time, property, facilities, or equipment for any purpose other than official state business, unless such use is reasonable and incidental and does not result in any direct cost to the state or CPRIT, interfere with the member's or employee's official duties, and interfere with CPRIT functions;
- (7) utilize the member's or employee's official position, or state issued items, such as a badge, indicating such position for financial gain, obtaining privileges, or avoiding consequences of illegal acts;
- (8) knowingly make misleading statements, either oral or written, or provide false information, in the course of official state business;
- (9) engage in any political activity while on state time or utilize state resources for any political activity.

(10) lease, directly or indirectly, any property, capital equipment, employee or service to a Grant Recipient;

(11) submit a grant application to CPRIT;

(12) participate in a matter before CPRIT that involves a business, contract, property, or investment held by the person if it is reasonably foreseeable that CPRIT action on the matter would confer a benefit to the person by or through the business, contract, property, or investment;

(13) recommend or cause discretionary CPRIT business to be transacted with or for the benefit of a Relative;

(14) represent any person in any action or proceeding before or involving the interests of CPRIT except as a duly authorized representative or agent of CPRIT;

(15) serve on a CPRIT Grant Recipient's board of directors or similar committee that exercises governing powers over the Grant Recipient. This prohibition also applies to serving on the board of directors or similar committee of a non-profit foundation established to benefit the Grant Recipient;

(16) use confidential information, or knowledge of non-public decisions related to CPRIT Grant Applicants, received by virtue of the individual's employment or official duties associated with CPRIT, to make an investment or take some other action to realize a personal financial benefit; or

(17) copyright or patent any work produced or developed as part of the individual's service to or employment with CPRIT when the work is related to a CPRIT goal, project, or concern.

C. Special Provisions

(1) An Oversight Committee Member, an Employee, or the spouse of an Oversight Committee Member shall not be employed by or participate in the management of a business entity or other organization receiving money from CPRIT.

(2) An Oversight Committee Member, an Employee, or the spouse of an Oversight Committee Member shall not own or control, directly or indirectly, an interest in a business or entity or other organization receiving money from CPRIT, except that the prohibition does not apply to ownership of shares in a publicly traded mutual fund or similar investment vehicle in which the person does not exercise any discretion regarding the investment of the assets of the fund or other investment vehicle.

(3) An Oversight Committee Member or Employee shall not have an office in a facility owned

by a business entity or other organization receiving or applying to receive money from CPRIT.

(4) An Oversight Committee Member or Employee shall not solicit, agree to accept, or accept an honorarium in consideration for services the Oversight Committee Member or the Employee would not have been asked to provide but for the person's official position.

(5) An Oversight Committee Member or the spouse of an Oversight Committee Member shall not use or receive a substantial amount of tangible goods, services, or money from CPRIT other than reimbursement authorized for Oversight Committee Members attendance or expenses.

(6) A former Oversight Committee Member or former CEO may not make any communication to or appearance before a current Oversight Committee Member or Employee before the second anniversary of the date the former Oversight Committee Member or former CEO ceased to be an Oversight Committee Member or CEO if the communication is made:

(a) with the intent to influence a decision or with intent to cause any action or inaction; and

(b) on behalf of any person or business entity in connection with any matter on which the former Oversight Committee Member or former CEO seeks action by CPRIT.

(7) A former Oversight Committee Member or former Employee may not represent any person or entity, or receive compensation for services rendered on behalf of any person or entity, regarding a particular matter in which the former Oversight Committee Member or Employee participated during the period of state service or employment, either through personal involvement or because the case or proceeding was a matter within the Oversight Committee Member's or Employee's official responsibility.

(a) This subsection applies to an Employee who is compensated, as of the last date of state employment, at or above the amount prescribed by the General Appropriations Act for step 1, salary group 17, of the position classification salary schedule, including an employee who is exempt from the state's position classification plan.

(b) For purposes of this subsection, the term "participated" means to have taken action through decision, approval, disapproval, recommendation, giving advice, investigation, or similar action.

(c) For purposes of this subsection, the term "particular matter" means a specific investigation, application, request for a ruling or determination, rulemaking proceeding, contract, claim, accusation, charge, arrest, or judicial or other proceeding, except that the prohibition of this subsection does not apply to a rulemaking proceeding that was conducted before the Oversight Committee Member's or Employee's service or employment ceased.

(8) CPRIT may not enter into an agreement or transaction with a former Oversight Committee Member or former Employee, or a business entity or other organization in which a former Oversight Committee Member or former Employee owns or controls an interest or serves on the governing board, on or before the first anniversary of the date the person ceased to be an Oversight Committee Member or Employee. Nothing herein prevents a business entity or organization that would otherwise be prohibited from entering into an agreement or transacting with CPRIT under this subsection from applying for or receiving grant funds.

D. Nepotism

(1) Except as provided in subsection (2), CPRIT may not employ a person who is a Relative of an Oversight Committee Member or Employee. For purposes of this section, the prohibition on employment includes employment as a consultant to CPRIT.

(2) This subsection does not prohibit the continued employment of a person who has been working for CPRIT for at least 90 consecutive days before the date of the related Oversight Committee Member's appointment.

E. Outside Employment or Business Activity

(1) An Employee may not engage in outside employment, business, or other activities that detract from the individual's ability to reasonably fulfill responsibilities to CPRIT.

(2) An Employee (other than the CEO) must obtain advance written approval from the CEO for any outside employment or business activity, including service on the board of directors of a business or non-profit organization. The CEO shall notify the Audit Subcommittee in writing concerning any approval given for outside employment or other business activity by Employees, including the nature of the employment or other business activity.

(3) The CEO must obtain advance approval from the Oversight Committee if the CEO intends to engage in outside employment or other business activities, including service on the board of directors for a business or non-profit organization.

(4) The CEO shall report to the Oversight Committee annually all approved outside employment or business activities of Employees. The report shall be submitted to the Oversight Committee no later than September 30.

III. CONFLICTS OF INTEREST

A. Decision-Making Based on Merit.

Oversight Committee Members, PIC Members, and Employees shall base CPRIT business transactions on professional integrity and competence, financial merit and benefit to CPRIT, and, as required, in accordance with procurement laws for state agencies.

B. Conflict of Interest Requirements.

(1) The Oversight Committee adopts herein by reference the statutory requirements regarding conflicts of interest, Sections 102.106 – 102.1064, *Health & Safety Code*, and CPRIT's administrative rules, Section 702.11 – 702.17, and any updates thereto.

(2) The conflict of interest statutory and administrative rule provisions apply to any decision to commit CPRIT funds, whether or not the commitment is part of the grant award process or to a Grant Applicant.

IV. GIFTS AND ENTERTAINMENT

A. Prohibition Against Acceptance of Gifts or Consideration

Except as provided herein, Oversight Committee Members, PIC Members, and Employees may not accept gifts, benefits, consideration or anything reasonably regarded as a financial gain or advantage.

B. Exceptions

The prohibition against acceptance of a gift or consideration does not apply to the following items so long as the acceptance of such an item does not violate Section II(B)(1) or any other applicable law and the Oversight Committee, PIC Member, or Employee has no reason to believe that a gift or consideration that would otherwise be prohibited is being offered through an intermediary:

(1) an item with a value less than \$50, excluding cash or a negotiable instrument as described by 3.104, Business & Commerce Code or a gift or other benefit conferred on account of kinship;

(2) gifts or consideration of any value provided to the Oversight Committee Member, PIC Member, or Employee by a personal friend or colleague, so long as:

(a) The gift or consideration is given based solely on an existing personal, professional, or business relationship independent of the Oversight Committee Member's, PIC Member's, or Employee's official status;

(b) The personal friend or colleague, or a Relative of the personal friend or colleague, is not an employee or the member of the governing board of an entity receiving or applying to receive money from CPRIT; and

(c) The Oversight Committee Member, the PIC Member, or the Employee has no reason to believe that the gift or consideration is being offered through the personal friend or colleague as an intermediary; and

(3) payments to which the Oversight Committee Member, PIC Member, or Employee is lawfully entitled in a capacity other than the individual's official status;

(4) a political contribution as defined by Title 15, Election Code;

(5) items issued by CPRIT or other governmental entities to the Oversight Committee Member, PIC Member, or Employee that allow the use of property or facilities owned, leased, or operated by CPRIT or other governmental entity;

(6) food, lodging, transportation, or entertainment accepted as a guest with the donor present, and, if the donor is required by law to report those items, reported by the donor in accordance with that law;

(7) Lodging, transportation, and meals described by Chapter 36, Section 36.07(b) (Acceptance of Honorariums), Penal Code;

(8) books, pamphlets, articles, or other similar materials that contain information directly related to the job duties of an Oversight Committee Member, Employee, or PIC Member and that are accepted by the individual on behalf of CPRIT for use in performing the individual's job duties; and

(9) registration or admittance fees for seminars, conferences, or other sponsored events that may involve entertainment or recreation. If the seminar, conference, or other sponsored event is hosted or paid for by a business entity or organization applying for or receiving CPRIT funds, prior written approval to attend the event is required and the entity sponsoring or paying for the event must attend. For Oversight Committee Members, approval may be provided by the Oversight Committee chair (or vice chair if the chair is seeking approval). For a PIC Member or Employee, approval may be provided by the CEO (or the Oversight Committee chair if the CEO is seeking approval.)

C. Gifts or Consideration from Lobbyists

An Oversight Committee Member, PIC Member, or Employee shall immediately report to the Chief Compliance Officer any gift or consideration if the gift or consideration is provided by a

registered lobbyist.

D. Return of Prohibited Gifts or Consideration

An Oversight Committee Member, PIC Member, or Employee who receives a prohibited gift or other prohibited consideration shall make every effort to return the gift or consideration to its source or, if that is not possible or feasible, donate the gift or consideration to a recognized tax-exempt charitable organization formed for educational, religious, or scientific purposes.

E. Reporting Requirements

An Oversight Committee Member, PIC Member, or Employee shall report to CPRIT's Chief Compliance Officer any gift, grant, or consideration provided to the individual as soon as possible, but no later than thirty (30) days after receipt of the gift, grant or consideration.

- (1) The individual shall provide the name of the donor, the date of receipt, and amount of the gift, grant, or consideration.
- (2) The reporting requirement applies to any gifts, grants, or other consideration provided to an Oversight Committee Member, PIC Member, or Employee, except for those specified in subsection (B).
- (3) Notwithstanding the foregoing, information related to subsections (B)(7) and (9) shall be reported to the Chief Compliance Officer.

V. FINANCIAL DISCLOSURE AND COMPLIANCE STATEMENTS

Unless otherwise directed, the following statements and certifications shall be completed and returned to the Chief Compliance Officer. Unless otherwise specified, the statements and certifications shall be filed with the Chief Compliance Officer no later than 30 days following the date of the member's or employee's appointment or employment and then annually thereafter on or before September 30th. The CEO may postpone a filing deadline for not more than 60 days on the written request of an Oversight Committee Member, PIC Member, or Employee, or for an additional period for good cause.

A. Financial Disclosure Statements.

- (1) An Oversight Committee Member and the CEO shall file a financial disclosure statement with the Chief Compliance Officer not later than the 30th day after the date of appointment or employment, and not later than April 30 of each year thereafter.
- (2) CPRIT must maintain a financial disclosure statement for at least five years after the date it is filed.

(3) Oversight Committee Members who are required to file disclosure statements with the Texas Ethics Commission shall file those statements in the form and time prescribed by law.

B. Ethics Compliance Statements.

An Oversight Committee Member, PIC Member, or Employee, including an interim Employee, must sign, date, and file an ethics compliance statement acknowledging that the individual has received and read this Code, that the individual will comply with its provisions, and that it is the individual's duty to report knowledge of any act or failure to act that is a violation of this Code.

C. Conflict of Interest Compliance Statements.

An Oversight Committee Member, PIC Member, or Employee, including an interim Employee, must sign, date, and file a conflict of interest compliance statement acknowledging that the individual has received and read the statutory and administrative rules related to conflicts of interest, that they will comply with its provisions, and that it is their duty to report when they have knowledge of any act or failure to act that is a violation of the conflict of interest statutes or rules.

D. Non-Disclosure Agreements

An Oversight Committee Member, PIC Member, or Employee, including an interim Employee, must sign, date, and file a non-disclosure agreement.

E. Certification of No Financial Interest.

(1) Before the Oversight Committee votes on proposed grant awards, each Oversight Committee Member shall certify that he or she does not have a financial interest in a business entity or other organization applying for or receiving CPRIT funds.

(2) For purposes of this certification, "financial interest" means:

(a) ownership of stock or shares of the business entity; or

(b) ownership of any sum of the fair market value of the business entity; or

(c) receipt of any sum of the person's gross income for the preceding calendar year from the business entity; or

(d) any private investment in the business entity, such as debt obligation or equity interest that is not a publicly traded security.

(3) Oversight Committee Members shall sign, date, and file the certification not later than the

day preceding the date of the Oversight Committee meeting scheduled to consider the proposed grant awards.

(4) An Oversight Committee Member is prohibited from participating in any action taken regarding the proposed grant awards if the member fails to file the required certification prior to the day preceding the Oversight Committee meeting. However, upon a showing of good cause, the Oversight Committee may vote to allow the Oversight Committee Member to participate in action taken related to the proposed grant awards, so long as the member certifies for the record in the open meeting that the member does not have a financial interest in a business entity or other organization applying for or receiving grant funds. Immediately following the meeting, the Oversight Committee Member must complete the certification.

F. Statement of No Communication.

(1) Before the Oversight Committee awards a grant, each Oversight Committee Member and PIC Member shall certify that he or she has not communicated with any Grant Applicant for CPRIT funds regarding the substance of a pending application. The period of the restricted communication begins on the first day that grant applications are accepted by CPRIT until the Grant Applicant receives notice regarding a final decision on the grant application.

(2) In addition to the certification required in subsection (1), each PIC Member must also certify that the PIC Member did not communicate individually with one or more Oversight Committee members about a pending grant recommendation prior to the time that the PIC submits its list of recommendations to the Oversight Committee and the CEO has submitted the affidavits required by statute. Communication that involves one or more PIC members responding to a question raised by an Oversight Committee Member does not constitute a prohibited communication so long as the question and the response is provided in writing to all Oversight Committee Members contemporaneously.

G. Disclosure of Political Contributions Pursuant to Health & Safety Code § 102.101(f)

Each Oversight Committee member shall submit the information required by Health & Safety Code 102.101(f) to the Chief Compliance Officer no later than January 31 of each year. After the initial disclosure is made, each subsequent disclosure by the Oversight Committee member shall update the information for the previous calendar year.