

## CONNECTICUT INNOVATIONS ETHICAL CONDUCT POLICY

### I. INTRODUCTION.

Ethical conduct is a core value of Connecticut Innovations, Incorporated (CI) and all board members and employees of CI are expected to maintain the highest professional standards in the conduct of their duties. In particular, CI employees are considered to be “state employees”, and members of CI’s Board of Directors are considered to be “public officials”, subject to the applicable provisions of the Code of Ethics for Public Officials. A copy of the *Public Officials and State Employees Guide to the Code of Ethics* (the “Guide”) is attached for reference. You may also access both the Code of Ethics and the *Guide* on the Office of State Ethics website at [www.ct.gov/ethics](http://www.ct.gov/ethics) by clicking on “Statutes and Regulations” and “Public Official and State Employee Information”, respectively.

It is the responsibility of each CI board member and employee to become familiar with the Code of Ethics, which includes provisions relating to conduct and outside activities and relationships while in state service, as well as provisions relating to prohibited relationships and activities after separation from state service. Section II of this Ethical Conduct Policy highlights some of the major provisions and principles of the Code of Ethics, but does not modify or supersede the provisions of the Code of Ethics itself, which is applicable to CI employees and board members as a matter of law. If there are questions about the applicability of provisions of the Code of Ethics to particular situations, they should be directed to CI’s Ethics Compliance Officer (currently Chris Baisden) or to the Legal Division of the Office of State Ethics at 860-263-2400.

While strict compliance with applicable provisions of the Code of Ethics is of course required, it is also important that CI employees conduct themselves, and limit their outside relationships, activities and financial interests, in a way that engenders public confidence in the integrity and impartiality of CI actions and decisions and avoids even the appearance of impropriety or a conflict of interest. Section III of this Ethical Conduct Policy includes additional CI policies serving these broader objectives.

## II. CODE OF ETHICS COMPLIANCE.

Principal provisions of the Code of Ethics for Public Officials include:

- A. **Gifts.** In general, public officials and state employees and members of their immediate families are prohibited from accepting gifts (essentially anything of value) from anyone doing business with, seeking to do business with, or directly regulated by the public official's or state employee's agency or department, from persons known to be a registered lobbyist or lobbyist's representative, or from contractors pre-qualified for state work. There are also restrictions on gifts between state employees and/or public officials in certain circumstances. (For a more complete description of the gift prohibitions, including available exemptions, see the *Guide*.)
- B. **Misuse of Official Position.** Public officials and state employees are prohibited from using their office or position for the financial benefit of the public official or employee, their family members, or that of a business with which they are associated. (As used in this Ethical Conduct Policy, "business with which ... associated" is defined to include any entity through which business is conducted in which the public official or state employee, or a member of his or her immediate family, is a director, officer or holder of a significant ownership interest, but excludes unpaid service as an officer or director of a non-profit entity; "immediate family" means the public official's or state employee's spouse, children or other dependent relatives living in the same household; and a more general reference to "family members" includes the public official's or state employee's spouse, parent, brother, sister, child or spouse of a child.)
- C. **Non-Public Information.** Public officials and state employees may not disclose or use confidential information obtained in state service for personal financial gain or for the financial gain of family members or a business with which they are associated. Such information is also subject to other CI policies relating to the protection of non-public business information of CI applicants and portfolio companies.
- D. **Outside Employment.** Public officials and state employees may not accept outside employment which will impair their independence of judgment as to official state duties or which would induce the disclosure of confidential information. Generally, outside employment is barred if the private employer can benefit from a public official's or state employee's official actions.
- E. **Financial Disclosure.** Certain public officials and state employees (including CI board members and designated CI employees) are required

to file Statements of Financial Interest with the Office of State Ethics, which is public information.

- F. Recusal and Reporting in Case of Conflicts.** A public official or state employee has a “substantial conflict”, and may not take official action as to a matter, if he or she has reason to believe that such official action would directly affect his or her financial interest (*i.e.* a direct monetary gain or loss) or that of his or her spouse, dependent child or a business with which he or she is associated. A public official or state employee has a “potential conflict” if in the discharge of his or her official duties an action would be required that would affect (whether or not directly) his or her financial interest, or the financial interest of any family member or of a business with which the public official or state employee is associated. In the case of such a potential conflict at CI, (1) a CI board member must recuse themselves from participation in any discussion, deliberation or vote on such matter and make no contact with CI staff or take any other action designed to advance, impede or otherwise affect consideration of such matter, and (2) a CI employee must disclose such potential conflict in writing to an immediate supervisor (which in the case of the Chief Executive Officer shall be the Chairperson of the CI Board of Directors) and seek reassignment so that the potential conflict is avoided.

### **III. ADDITIONAL CI POLICIES.**

Given the nature of CI’s business, in order to maintain public confidence and avoid even an appearance of a conflict or other impropriety, the following additional policies have been adopted:

#### **A. Investment-Related Policies.**

1. CI employees and members of their immediate families are prohibited from investing in CI portfolio companies.
2. If an application for financial assistance from CI is received from a business with which a CI employee or any family member is associated, or in which such employee or any family member has an investment or other direct financial interest, such employee, whether or not he or she expects to be involved in the processing or consideration of such application, shall notify the Chief Executive Officer of such business association or financial interest and such employee shall be sequestered from all information, discussions, actions and other activities related to such application.
3. It is also important that no CI employee be seen as taking personal advantage of investment opportunities presented to or considered by CI, whether or not CI makes an investment. Accordingly, no CI employee, member of a CI employee’s immediate family or any

business with which such employee is associated shall invest in, or be compensated in connection with an investment in, any company presented to or considered by CI for funding, whether or not such company makes formal application to CI and whether or not any such application is approved, unless (a) a period of at least one (1) year has passed since the last time CI considered or held any investment interest in the company, (b) CI no longer possesses or has access to any material non-public information with respect to the company, and (c) the Chief Executive Officer (or if the employee is the Chief Executive Officer, the Chairperson of the CI Board of Directors) determines, in writing, that such investment or compensation does not create any appearance of a conflict or other impropriety.

4. Each CI employee who is a member of the “Executive Team”, “Business Team” or “Venture Team” shall promptly provide to the CI “Intake Specialist”, for entry into CI’s customer relations management database, the name of each company that such employee, in the course of their CI employment, becomes aware is seeking or is otherwise a candidate for an investment by CI, in accordance with such other policies with respect to the maintenance of such database as may be in effect at CI from time to time. Each company so identified in CI’s customer relations management database shall be deemed to be a “company presented to or consider by CI for funding” for purposes of this Ethical Conduct Policy.

**B. Outside Business Activities.** Prior to accepting any position or engagement as a board member, managing member, officer or employee of, or as an independent contractor (e.g. consultant or adviser) to, a corporation, limited liability company, partnership or other business entity (other than a position as an unpaid board member of a non-profit organization), a CI employee who is a member of the CI “Executive Staff”, “Business Team” or “Venture Team” shall notify and consult with the Chief Executive Officer (or if the employee is the Chief Executive Officer, with the Chairperson of the CI Board of Directors) and shall only accept such position or engagement if the Chief Executive Officer (or the Chairperson) determines, in writing, that such position or engagement would not be expected to interfere or conflict with the proper discharge of such employee’s duties and responsibilities at CI or otherwise be likely to create the appearance of a conflict or other impropriety.

**C. Misuse of Confidential Information.** Note that, whether or not the additional CI policies with respect to investment activities set forth in this Section III apply, CI employees and board members are subject at all times, including after leaving state service, to the prohibition in the Code of Ethics on the use of confidential information obtained while in state service for personal financial gain or the financial gain of a family member or a business with which such employee or board member is associated (See Section II.C).

#### **IV. POST-STATE EMPLOYMENT RESTRICTIONS.**

Employees and board members leaving Connecticut Innovations are required to comply with the Code of Ethics provisions pertaining to post-state employment, which are commonly known as the “revolving door” provisions. These revolving door provisions apply without regard to the circumstances of separation from state service, including whether such separation was voluntary or involuntary. For example, there are restrictions on accepting employment with a party to certain contracts with CI (which would include contracts relating to investments or other financial assistance) if the employee or official was involved in the negotiation or award of the contract, restrictions on representing other parties before CI during the one-year period following departure from state service, and restrictions on “switching sides” and ever working for another party on the same matter handled personally while at CI. Employees and board members should familiarize themselves with these provisions pertaining to post-state employment, which are summarized in the *Guide*.

Before an employee leaves the employment of Connecticut Innovations, an exit interview will be conducted by our Ethics Liaison Officer (currently Chris Baisden). The purpose of this exit interview will be to individually review potential issues relating to post-Connecticut Innovations activities and employment.

#### **V. DISCIPLINARY MATTERS.**

The Board of Connecticut Innovations continues to have well justified faith in the integrity of and ethical conduct of employees of Connecticut Innovations. It is understood however, that breaches of this Ethical Conduct Policy may require disciplinary action, including but not limited to dismissal from CI, in addition to sanctions provided by state law.