

THE UNIVERSITY OF CONNECTICUT FOUNDATION, INC.
BOARD OF DIRECTORS
Statement Regarding Conflicts of Interest, Duty of Care, and Duty of Loyalty
Adopted March 10, 2006

General Statement

The University of Connecticut Foundation, Inc. is a non-stock, private corporation organized under Connecticut State law and exempt from federal income tax under Section 501(c)(3) of the federal tax code. The mission of the Foundation is to solicit, secure and manage contributions from the private sector (primarily individuals, corporations and philanthropic foundations) for the benefit of the University of Connecticut, the State's public, land-grant institution of higher education. The Foundation has committed itself to administering its programs and operations in a manner that merits a high level of trust and confidence.

Foundation directors are expected to conduct themselves honestly, ethically, and fairly. They are further expected to fulfill their responsibilities and carry out their duties in such a manner as to inspire and assure the confidence of fellow directors, officers, employees, donors, alumni, University faculty and administrators, friends of the University and all others with whom the Foundation transacts business.

The Foundation acknowledges that there are many ambiguous situations that may arise due to the size and complexity of the organization, the diverse nature of the operations of the Foundation, and the variety of organizations doing business with the Foundation. Situations may arise in which a director may find that his or her interests are in conflict with those of the Foundation and/or that making the proper decision about a particular situation is difficult. On such occasions, the director should seek appropriate guidance from the Chair of the Nominating and Board Governance Committee ("NBG Committee") to assess whether the situation is one that could appear to compromise a director's independence and should not rely solely on the director's own judgment. It is important to the work of the Foundation that its directors avoid the appearance of impropriety, as well as actual impropriety. This document sets forth the policy, guidelines, and procedure for addressing such conflicts and situations.

Applicable Laws

As a not-for-profit corporation, the Foundation must operate within the laws and regulations of both federal and state government. It is the responsibility of the Foundation's Counsel, in consultation with outside counsel, to inform the Foundation of these laws and regulations and of any changes. Directors are expected to fulfill their responsibilities and conduct their activities on behalf of the Foundation within the letter, spirit, and intent of applicable laws and regulations.

Foundation Ethics

The Foundation endorses and subscribes to the [CASE Statement of Ethics](#) for institutional advancement professionals as developed under the leadership of the Council for Advancement and Support of Education.

Duty of Care

Foundation directors owe a duty of care to the Foundation and shall conduct the affairs of the Foundation in good faith, acting honestly and lawfully. This duty of care extends to the University as beneficiary of the Foundation. Directors shall be diligent in their duties to the Foundation and shall act reasonably, remain informed, and exercise independent judgment. At all times, directors shall act in the best interests of the Foundation.

Duty of Loyalty

Foundation directors owe a duty of loyalty to the Foundation and the University, and shall not use their Foundation position for personal gain. The director's duty of loyalty applies equally whether the director is engaged in Foundation activities or outside activities. The director's duty of loyalty includes, but is not limited to, the director's obligation to protect the confidences of the Foundation and to refrain from engaging in transactions that would create a conflict of interest or the appearance of a conflict of interest.

- Confidentiality. In the course of carrying out their duties and responsibilities, directors will be privy to information that was created, discovered, acquired or developed by or disclosed to the Foundation and, as such, is considered to be confidential and proprietary in nature. This information includes, but is not limited to, research and development data, business plans, expansion plans or proposals, strategic plans, personnel data, financial statements, lists and information about gifts, donors and accounts. Directors shall recognize that they have a legal and ethical duty not to disclose this information, shall hold all such information in strictest confidence and shall agree not to release confidential and proprietary information to anyone outside the Foundation except for authorized purposes or unless required by law.
- Conflict of Interest. A conflict of interest arises in any situation in which a director or a related party is involved in an activity that could adversely affect such director's judgment with respect to the business of the Foundation or otherwise diminish the interest of the Foundation. Generally, a related party includes one's own immediate family members and those of his or her spouse; a person with whom one is living; or a business entity, trust or estate in which one has an interest. Certain conflicts of interest may be approved by the NBG Committee, Executive Committee, or full Board as being in the best interests of the Foundation. Other conflicts, however, may preclude (i) the Foundation or a director from engaging in an activity, or (ii) an individual from serving as a member of the Foundation Board. Some examples of situations in which a conflict of interest may be present are described in Attachment A to provide guidance. The examples are not intended to identify all potential or actual conflicts of interest.

Continuous Duty to Disclose Actual or Potential Conflicts of Interest

All Foundation directors will be asked to complete and sign a disclosure statement annually. Candidates for director positions shall complete and sign the disclosure statement before their terms begin. The statement will include a description of all material fact relating to any

substantive actual or potential conflict of interest for such director by virtue of his or her own activities or that of related parties. Of particular concern are situations in which a director or related party possesses a financial interest not entirely consistent with that of the Foundation, or confidential information which if disclosed could adversely affect the Foundation. Disclosure statements will be provided by and returned to the Foundation's President. If, after completing and signing the annual disclosure statement, an apparent or potential conflict arises, the director with the conflict shall notify the Foundation's President in writing. The Foundation President's disclosure statement and any on-going disclosure by the Foundation President shall be made to the Chair of the NBG Committee. All disclosures pursuant to this policy will be treated confidentially.

Addressing Actual and Potential Conflicts of Interest

The following process will be followed in addressing actual and potential conflicts of interest:

- All disclosures made to the Foundation President pursuant to this policy shall be reviewed by the Chair of the NBG Committee.
- If a potential conflict of interest situation involves a pending transaction or action on the part of the Foundation, such potential conflict shall be brought to the attention of the Chair of the NBG Committee prior to any action on the part of the Foundation. The Chair of the NBG Committee shall consult with the director regarding the potential conflict and obtain information necessary for an ordinarily prudent person to make a judgment as to whether a conflict exists.
- The Chair of the NBG Committee shall exercise good faith in determining whether an actual conflict exists and shall provide guidance as to the appropriate course of action if a conflict exists.
- If the Chair of the NBG Committee determines that further review would be prudent, he or she will seek the advice and approval of the full NBG Committee in determining whether such situation or transaction is fair and serves the Foundation's best interests.
- If the NBG Committee determines that further review would be prudent, it shall seek the advice and approval of the full Board or Executive Committee in determining whether such situation or transaction is fair and serves the Foundation's best interests.
- The NBG Committee or the Executive Committee shall refer any such matter to the full Board if either such committee has not under the circumstances been appointed by a majority of disinterested directors.

Restraint on Participation

Directors have special fiduciary responsibilities that require them to discuss and make decisions concerning transactions undertaken by the Foundation. Directors who have declared or have been deemed to have a conflict of interest must refrain from consideration of proposed transactions, unless for special reason the NBG Committee, Executive Committee, or Board requests information or interpretations or agrees to waive the conflict. Any director with a conflict may not vote, participate in discussion, nor be present at the time of any vote on the proposed action or transaction. The proposed action or transaction in which a conflict of interest has been declared or found to exist must be approved by a majority of the disinterested directors, and the Board or committee conducting the vote shall retain detailed minutes of any proceedings involving a potential conflict of interest action or transaction.

University of Connecticut Research and Development Corporation (R&D Corp.)

The Foundation is the sole shareholder of the R&D Corp., a for-profit corporation whose purpose is to facilitate the commercialization of University research. Foundation directors shall not directly invest in any company created by the R&D Corp. for as long as the R&D Corp. has a financial relationship with the company. The Foundation shall, at least semi-annually, circulate among Board members a list of all such companies in which investments are prohibited. It shall be the responsibility of each director to inform his or her professional asset manager(s) to refrain from investing in such companies on the director's behalf.

Political Activities

Foundation directors should exercise severe caution whenever it may appear that they are engaging in certain political activities on behalf of the Foundation and should consult with the Chair of the NBG Committee or the President prior to any such activity. Directors should be aware that engaging in such activities could threaten the tax-exempt status of the Foundation. Among these activities are the following:

- a) engaging in substantial lobbying on behalf of the Foundation; and
- b) engaging in any political campaign activity on behalf of the Foundation.

Violations of this Policy

If the Board has reasonable cause to believe a director has failed to disclose actual or possible conflicts of interest, it shall inform the director of the basis for such belief and afford the director an opportunity to explain the alleged failure to disclose. If, after hearing the director's response and after making further investigation as warranted by the circumstances, the Board determines the director has failed to disclose an actual or possible conflict of interest, it will take appropriate corrective action.

Administration

The Board has the responsibility for and determines changes to this policy. The NBG Committee has oversight responsibility. The Foundation President is responsible for the implementation and adherence to the policy. The Foundation's Counsel, in consultation with outside counsel, is responsible for matters of interpretation and shall be asked to review the policy periodically for appropriate modifications.

Attachment A
Examples of situations presenting potential conflicts of interest

The following are examples of situations in which a conflict may be present. These examples do not represent all potential situations that might give rise to a conflict.

- Purchasing supplies, equipment, or services from a vendor in which a director has an ownership interest or with which a related party might benefit from the transaction.
- A directorship or active participation in an organization that transacts business with the Foundation or whose interests compete with those of the Foundation (such as serving as a member of the governing board, employment by, or working as a consultant to any other higher educational institution or affiliate, any other hospital or affiliate, or any other nonprofit or for-profit organization located in Connecticut or elsewhere, public or private, which may be in competition with the Foundation and/or the University for state appropriations or other funding, faculty, students, patients, or donors).
- Investment by the Foundation with a firm in which a director or a related party is an owner, officer, board member, partner, employee, or has some other significant beneficial interest.
- Investment by the Foundation with a firm in which another organization has a controlling or significant beneficial interest (other than side by side investor situations) and a director or related party is an owner, officer, board member, partner, employee or has some other significant beneficial interest with the other organization.
- Investment by the Foundation in any investment opportunity of which the Foundation is reasonably aware that a director or a related party already has a personal investment which is material to him or her, or which is material to the size of the overall investment fund. For purposes of materiality a 5% guideline may be considered, however, each situation should be assessed on its own merits.
- Use of information obtained from the Foundation for personal gain or benefit.
- Acceptance by a director or a related party of any personal benefit that results from the execution of the director's duties as a Foundation director and is not otherwise available to the general public. For example, if a director makes an investment in common with the Foundation where:
 - The director became eligible to make the investment solely because of his or her membership on the Board;
 - The director's minimum investment requirement in a particular investment fund was waived because such individual is a member of the Board and the Foundation was also an investor in the fund; or
 - The director first acquired information concerning the investment from the Board and the investment was not widely available to the public, even if the opportunity was one for which the director might subsequently have been an eligible investor.

- Investment by a director or a related party in any investment opportunity of which the director is reasonably aware that the Foundation already has an investment in under circumstances in which:
 - the investment of a director or a related party is material to him or her, or
 - the investment by either the Foundation or director (or a related party) is material in relation to the size of the overall fund.