

TEXAS EMERGING TECHNOLOGY FUND ADVISORY COMMITTEE
CODE OF ETHICS

Preamble

The nature of Texas Emerging Technology Fund (“TETF”) functions requires that the process be independent, fair, and impartial. High ethical standards are essential to maintain the public’s trust. This Code of Ethics anticipates that many Texas Emerging Technology Fund Advisory Committee members will be active investors, either individually or on behalf of others. Without seeking to disqualify those members from service on the Advisory Committee, except to the extent necessary or appropriate to conform to applicable law and ethical standards, this Code of Ethics holds all members of the Advisory Committee to high standards of conduct consistent with their special relationship of trust, confidence, and responsibility.

I.
Definitions

In this Texas Emerging Technology Fund Advisory Committee Code of Ethics:

- (a) “Code” means this Texas Emerging Technology Fund Advisory Committee Code of Ethics.
- (b) “Committee” means the Texas Emerging Technology Advisory Committee.
- (c) “Committee Member” means a member of the Committee.
- (d) “Confidential Information” means any and all confidential or proprietary information obtained by a Committee Member by reason of the Committee Member’s association with TETF, including, without limitation, confidential or proprietary information of TETF applicants and/or recipients, such as, but not limited to, financial information, know-how, technology, data, product information, specifications, marketing plans, and strategic plans. Confidential Information further includes all information identified as confidential by section 490.057 of the Texas Government Code. For an individual Committee Member, or former Committee Member, as applicable, Confidential Information does not include information that: (1) was in such Committee Member’s possession before receipt in connection with TETF and without a duty of confidentiality, as evidenced by written record predating such disclosure; (2) is or becomes a matter of public knowledge through no wrongdoing of such Committee Member or the Committee; (3) is rightfully received by such Committee Member from a third party without a duty of confidentiality; (4) is disclosed by the owner of the information to a third party without imposing a duty of confidentiality on the third party; or (5) is independently developed by such Committee Member as evidenced by written record.
- (e) “Office of the Governor” means the Office of the Governor of the State of Texas.
- (f) “Relative” means a Committee Member’s spouse, child, or other relative within the third degree by consanguinity or the second degree by affinity, determined in accordance with Sections 573.021- .025 of the Texas Government Code.
- (g) “TETF” means the Texas Emerging Technology Fund.
- (h) “TETF Agreement” means a Texas Emerging Technology Fund Award and Security Agreement or a Commercialization Grant Agreement (or similarly titled agreement), in each case between an entity and the State of Texas, acting by and through the Office of the Governor Economic Development and Tourism, pursuant to which such entity received an award of TETF funding.

(i) “TETF Employee” means a person working for the State of Texas in an employer-employee relationship and assigned to the TETF division of the Office of the Governor.

II. Responsibilities

(a) Each Committee Member (1) shall base his or her recommendations and all other TETF duties on competence, financial merit, and benefit to TETF and the State of Texas; (2) shall use reasonable care and exercise independent professional judgment and professional integrity when engaging in activities concerning TETF; and (3) shall be guided by the basic principles of integrity, competence, loyalty, prudence, honesty, and fairness.

(b) Each Committee Member shall fully comply with all applicable policies of the Office of the Governor, all applicable laws, and this Code.

(c) Committee Members shall avoid the appearance of impropriety, as well as any impropriety.

(d) Committee Members who are members of professional organizations shall also comply with any standards of conduct adopted by the organizations of which they are members.

III. Prohibited Conduct

A Committee Member **shall not**:

(a) solicit, accept, or agree to accept any gift, favor, benefit, or service that might influence the Committee Member in the discharge of his or her duties for TETF or that the Committee Member knows or should know is being offered with the intent to influence the Committee Member’s actions on behalf of TETF;

(b) solicit, accept, or agree to accept any compensation or benefit for having exercised the Committee Member’s authority or performed the Committee Member’s TETF duties;

(c) use his or her relationship or position with TETF to seek or obtain personal gain or benefit beyond any properly authorized compensation or expense reimbursement;

(d) solicit, accept, or agree to accept a gift that the Committee Member knows or should know is being offered or given because of the Committee Member’s position with TETF;

(e) disclose Confidential Information to any third party (except to the extent authorized while conducting due diligence on behalf of the Committee and as described below in section VII(a));

(f) use Confidential Information, including, without limitation, a TETF applicant’s Confidential Information or advance knowledge of a TETF decision, for the Committee Member’s or a Relative’s personal gain, including, without limitation, investing in any such entity; and

(g) invest in or receive compensation from an entity that is party to a TETF Agreement, if the Committee Member participated in the Committee’s discussions, deliberations, or votes concerning that entity’s application for TETF funds or any issues concerning that entity’s TETF Agreement.

IV. Conflicts of Interest

(a) A conflict of interest exists for a Committee Member when the Committee Member or a Relative has a personal or business relationship or interest that could reasonably be expected to diminish the Committee Member's independence of judgment or objectivity in the performance of the Committee Member's TETF duties, including, without limitation, an equity, debt, or other investment in a TETF-funded entity or an entity that the Committee Member knows has applied for TETF funding.

(b) Each Committee Member shall obtain appropriate training in ethics, to include the proper identification of conflicts of interest, within six (6) months of appointment to the Committee and annually thereafter.

(c) Each Committee Member must make a full and fair written disclosure to the Committee of any potential conflict of interest, along with any related material facts, prior to participating in any discussion or vote relating to any entity that gives rise to the potential conflict of interest. The remaining Committee Members or a subcommittee of at least three (3) remaining Committee Members, outside the presence of the disclosing Committee Member, shall determine whether a conflict of interest exists. Until the remaining Committee Members or the subcommittee makes a determination and if a conflict of interest is determined to exist by the remaining Committee Members or the subcommittee, the disclosing Committee Member shall not participate in any discussions, deliberations, or voting related to the entity that gives rise to the conflict, and shall not seek or attempt to influence any action taken regarding that entity.

(d) If a Committee Member is not aware of a conflict of interest in advance (such that there is insufficient time to make a full and fair written disclosure to the Committee), upon becoming aware of a potential conflict of interest, said Committee Member should immediately verbally disclose the potential conflict of interest to the remaining Committee Members; discontinue any participation in any discussions, deliberations, or voting related to the entity that gives rise to the conflict; and shall not seek or attempt to influence any action taken regarding that entity. As soon as possible thereafter, the disclosing Committee Member and the remaining Committee Members shall follow the procedures as provided within (c) above.

(d) The Committee must document each disclosure of a potential conflict of interest, along with the Committee's determination of whether an actual conflict exists and, if so, the Committee Member's recusal from all subsequent discussions, deliberations, and votes related to the entity that gives rise to the conflict. The Committee shall retain all such documents and make them available to the Office of the Governor upon request.

V. Diligence

Committee Members must exercise diligence, independence, and thoroughness in analyzing investments, making recommendations, and taking investment actions.

VI. Duty to Report

A Committee Member who has knowledge of a violation or suspects a violation of (a) applicable law, this Code, applicable policies of the Office of the Governor, or other applicable ethical obligations by any

other Committee Member, or (b) a legal or ethical obligation by any TETF Employee or Office of the Governor employee assigned to assist TETF, shall report the violation or suspected violation to the Deputy Chief of Staff and the General Counsel of the Office of the Governor. Such report shall be made promptly but in no event more than ten (10) days after the Committee Member becomes aware of such violation or suspected violation.

VII. Confidential Information

(a) Committee Members must protect Confidential Information by using reasonable care to prevent the unauthorized use, dissemination or publication of Confidential Information. Committee Members must comply with section 490.057 of the Texas Government Code. Committee Members must not disclose Confidential Information to any third party (except to the extent authorized while conducting due diligence on behalf of the Committee) and must limit disclosure to authorized employees of the Office of the Governor, the Office of the Lieutenant Governor, and the Office of the Speaker of the Texas House of Representatives, as permitted in order to fulfill the Committee Member's TETF duties, unless prior approval is received from the Office of the Governor. Notwithstanding the foregoing, a Committee Member may disclose Confidential Information to the extent required by law or a court of competent jurisdiction, provided that prior to any such disclosure, such Committee Member gives at least ten (10) days written notice of intent to disclose to the General Counsel of the Office of the Governor or, if such notice is not possible under the circumstances, such notice as is reasonably possible.

(b) A Committee Member may use Confidential Information only for TETF purposes and not for personal gain or benefit or for the gain or benefit of (1) Relatives; (2) any employee of the Office of the Governor; or (3) any third party.

(c) A Committee Member may not copy or keep Confidential Information for any reason except as required to fulfill his or her duties for TETF. Each Committee Member must return to the Office of the Governor all Confidential Information in his or her possession immediately upon request by the Office of the Governor or immediately upon the termination of such Committee Member's membership on the Committee, whichever comes first.

VIII. Former Committee Members

(a) For one (1) year after a Committee Member ceases to be a Committee Member, he or she may not appear before or communicate with a then current Committee Member or employee of the Office of the Governor if the communication is made with the intent to influence the current Committee Member or employee of the Office of the Governor on behalf of any person or business entity in connection with TETF.

(b) A former Committee Member may not seek or obtain personal gain or benefit from Confidential Information received or accessed while serving on the Committee. A former Committee Member may not use Confidential Information for the former Committee Member's or a former Committee Member's Relative's personal gain, including, without limitation, investing in any such entity.

(c) A former Committee Member may not disclose Confidential Information without the written consent of the Office of the Governor or except as required by law or court of competent jurisdiction.

IX. Code Compliance and Ethics Compliance Statements

(a) Each Committee Member's service on the Committee requires acceptance of and compliance with this Code. By serving or continuing to serve as a Committee Member, as applicable, each Committee Member accepts this Code and agrees to comply with its provisions. Repercussions from a violation of this Code by a Committee Member may include a requirement that the Committee Member immediately resign from the Committee.

(b) Within ten (10) days following his or her appointment to the Committee, each Committee Member shall execute and deliver to the General Counsel of the Office of the Governor a completed ethics compliance statement in the form and containing the content required by the Office of the Governor. A newly appointed Committee Member may not participate in Committee discussions, deliberations, or votes until a completed ethics compliance statement is provided to the Office of the Governor.

(c) Annually between July 1st and August 31st of each year, each Committee Member whose term is does not expire that August 31st shall execute and deliver to the General Counsel of the Office of the Governor a completed ethics compliance statement in the form and containing the content required by the Office of the Governor. A Committee Member may not participate in Committee discussions, deliberations, or votes after August 31 each year until a completed ethics compliance statement is provided to the Office of the Governor.