



**GIFTS POLICY
OF
THE ARIZONA COMMERCE AUTHORITY**

I. Purpose/Expected Outcome:

A. all directors, officers, employees, appointees, volunteers and other agents acting on behalf of the Arizona Commerce Authority (“**ACA**”), collectively referred to herein as “**Stakeholders**,” are subject to the laws of the State of Arizona, as well as any applicable federal and local laws, relating to gifts.

B. As it is of vital importance that business relationships and transactions with entities and individuals within and outside ACA be conducted in an ethical, honest, straightforward, and businesslike manner, the purpose of this Policy is to outline supplemental principles relating to the acceptance of gifts, gratuities and unrelated ACA compensation from Vendors and others that are either doing business with or that seek to do business with the Stakeholders on behalf of ACA. In the event that applicable law imposes requirements more stringent than those set forth herein, the applicable law shall apply.

C. The Board of Directors recognizes that it may be in the best interest of ACA to allow the acceptance by ACA of certain gifts and donations consistent with this Policy. However, failure to do so in accordance with this Policy, or to otherwise fail to comply with any part of this Policy, is a serious breach of a Stakeholder’s responsibility, constitutes conduct detrimental to ACA, and will be cause for appropriate action, up to and including termination of appointment, employment, volunteer position or other agency relationship.

D. Section VII of this Policy sets forth the references to Arizona statutes and regulations that provide the minimum standards included in this Policy. However, the Board of Directors has adopted additional requirements that are also included herein.

II. Definitions:

A. “Advertising/Promotional Items” means items such as pens, pencils, mugs, tote bags, calendars, and key chains, etc., that are given for advertising or promotional purposes.

B. “Business-related” means that the event or activity provides a direct and measurable benefit to ACA, and the event or activity is consistent with the duties of the Stakeholder and the mission of ACA.

C. “Discount” means a reduction in the cost of goods or services charged by any entity to an ACA Stakeholder by virtue of that person’s relationship to ACA.

D. “Gift” means any gratuity, honoraria, favor, entertainment, gift card, lodging, discount, loan, or other item having monetary value. It includes services as well as gifts of

transportation, lodgings, and meals, whether provided in-kind, by purchase of a ticket, payment in advance or reimbursement after the expense has been incurred.

E. For Stakeholders other than an Arizona Public Official or State of Arizona legislator, “Nominal Value” for this Policy means Fifty Dollars (\$50.00) or less. Arizona Public Officials and State of Arizona legislators serving as an ACA director shall comply with applicable laws and regulations according to his or her elected office.

F. “Policy” means ACA’s Gift Policy.

G. “Stakeholders” means all directors, officers, appointees, employees, volunteers, and others acting for or on behalf of ACA, regardless of whether they are paid for their service.

H. “Token of Appreciation” means plaques, pens, candy or similar commonly used inexpensive items given in gratitude.

I. “Vendor” means any company or individual in business to provide products or services to others. For purposes of this Policy, the definition of Vendor is not restricted to those individuals or companies that have already provided products or services to ACA.

III. Policy:

A. As a general rule, Stakeholders shall not accept Gifts that are not authorized by this Policy when Stakeholders are acting in their official capacity in support of their duties to ACA. If the Gift is not Business-related, then this Policy is not applicable.

B. A Stakeholder may accept a Gift of Nominal Value, Advertising/Promotional Items, or a Token of Appreciation customarily given as appreciation for providing a service to an entity external to ACA.

C. A Stakeholder may not accept, for personal use or ownership, Gifts or unacceptable Discounts with a value in excess of the Nominal Value from a single source in a fiscal year. Likewise, Gifts or Discounts given to a Stakeholder’s Relative, as defined in ACA Conflicts of Interest Policy, are also considered to have been received by the Stakeholder, unless there is an independent relationship between the Vendor and the Stakeholder’s Relative.¹

D. A Stakeholder may accept a Gift of perishable food (e.g., fresh fruit basket, cookie assortment, candy, etc.) of Nominal Value that is not a meal.

E. A Stakeholder may accept a prize awarded through a random drawing or similar means while attending a conference, convention, seminar, institute or similar activity.

F. A Stakeholder may not accept cash, currency, or gift cards of any value, unless authorized by this Policy. A Stakeholder may not accept any other item of more than Nominal Value from anyone if it could be interpreted as a bribe or enticement to receive ACA business. If a Stakeholder receives something of greater than Nominal Value, the Stakeholder shall refuse it,

¹ Based on A.R.S. § 38-504(C).

or, as soon as possible, disclose the circumstances relating to the acceptance of the item(s) to the ACA Ethics Officer and deliver it to ACA designee where it shall become the property of ACA. ACA will send correspondence acknowledging the gift on behalf of ACA.

G. Meals, Beverages and Entertainment.

1. A Stakeholder shall not allow any meal, beverage, cost of entertainment, or combination thereof annually that exceeds the Nominal Value to be purchased for the Stakeholder or a Stakeholder's Relative, as defined in the ACA Conflicts of Interest Policy, by a person whom the Stakeholder knows or has reason to know is employed by or in any way associated with a current or potential Vendor, contractor, grant awardee, or business partner of ACA. For example, if Stakeholder accepts a meal under the Nominal Value amount, the Stakeholder cannot accept a subsequent meal that, combined with the initial meal, would exceed the Nominal Value. Further, a Stakeholder shall not allow any meal, beverage or cost of entertainment to be purchased for the Stakeholder or a Stakeholder's Relative, as defined in the ACA Conflicts of Interest Policy, by a person where that activity could be interpreted as a bribe or enticement to receive ACA business, funding, or other benefit.²

2. A Stakeholder may allow a meal or beverage to be purchased by a third-party for the Stakeholder or Stakeholder's Relative, as defined in the ACA Conflicts of Interest Policy, if the meal or beverage is served as part of a banquet or dining function offered to participants at a conference, convention or similar activity that is widely attended. Such events would include sponsorships that are part of an educational, technical or professional development conference that is organized by an association and where the meal is included in connection with attendance at the conference.

3. A Stakeholder who is also employed by another company may have a meal, beverage, or the cost of entertainment, purchased within the context of the other employment when he or she is not performing duties on behalf of ACA.

H. Travel. A Stakeholder, acting in his or her duties on behalf of ACA, or Stakeholder's Relative shall not engage in any travel activity where the expenses are paid for by a third-party and where that activity could be interpreted as a bribe or enticement to receive ACA business, funding, or other benefit. This would include Vendor-sponsored events that are marketed as a professional development activity, but that instead focus primarily on that Vendor's product, and where the trip includes social activity for the attendees.

1. Non-Business Related Travel. ACA employees shall use paid leave for all time spent in travel that is not Business-Related and that occurs outside of the Stakeholder's ACA duties. For purposes of this Policy, appropriate paid leave for non-business related travel would include pre-approved vacation time, pre-approved banked vacation time or personal time.

2. ACA Business Related Travel.

a. A Stakeholder shall not be required to use paid leave for travel in connection with an event or activity that is related to his or her ACA duties. The Stakeholder

² Based on A.R.S. § 38-504(C).

may accept payment for reasonable expenses (such as airfare, lodging, meals) from the entity that is an official sponsor of ACA upon approval of the ACA Ethics Officer as long as the payment cannot be interpreted as a bribe or enticement to receive ACA business, funding, or other benefit.

b. A Stakeholder and a Stakeholder's Relative may engage in ACA business-related travel activity where the expenses are paid for by any governmental institution or a non-profit organization, such as a professional association, whose mission is consistent with the mission of ACA, provided that the payment cannot be interpreted as a bribe or enticement to receive ACA business, funding, or other benefit. Such engagement must be approved by the COO.

c. A Stakeholder and a Stakeholder's Relative may lead or participate in an official trade delegation and accept payment of related expenses upon approval of the COO.

I. Discounts.

1. The following are acceptable Discounts:

a. A Discount that is part of an established and recognized program within ACA and is offered uniformly to all ACA Stakeholders, or to ACA employees generally, and/or Stakeholder Relatives.

b. A Discount available pursuant to a policy in continuous effect and a recognized component of a benefits or compensation package that is recognized by ACA.

c. A Discount offered by a third party for all Stakeholders and/or to ACA employees generally and/or Stakeholder Relatives, regardless of whether such third party does business with ACA, provided that said Discount is not in any way consideration or otherwise a factor in any transaction with ACA.

2. The following is an unacceptable Discount: A Discount that is offered to select Stakeholders and/or Stakeholder Relatives on an *ad hoc* basis as a result of the Stakeholder performing his or her duties, or as an incentive to influence conduct offered by a person seeking to obtain a benefit from ACA.

3. Notice to ACA Stakeholders of the availability of any Discount shall be conveyed in a manner that neither implicitly or expressly endorses nor otherwise speaks to the quality of the goods or services.

J. Honoraria and Similar Consideration.

1. Non-Business Related. A director who is a Stakeholder or, upon approval by the COO, an officer or other employee, volunteer, or agent who is a Stakeholder, may accept an honorarium, stipend, or similar compensation or consideration, from an entity external to ACA for an activity that is not Business-Related if the entire activity occurs outside the Stakeholder's duties for ACA.

2. Business Related. A Stakeholder may receive a modest honorarium or stipend from an entity external to ACA for time spent preparing for presentations (keynote addresses, etc.) that are ACA related. Modest is considered to be limited or moderate in the amount of the honorarium, but may exceed the Nominal Value. Any honorarium or stipend must be approved in advance by the COO.

K. Widely Attended Gatherings. To the extent that Stakeholders are engaged in an official capacity with duties that involve development and such involvement requires attending events that are either hosted by or attended by third-parties, such participation may be acceptable if it can be established that the event could result in expansion of ACA's resources or is in support of ACA's mission.

L. Acceptance of Public Gifts.³ All proposed Gifts and donations to ACA must be of a nature that is suitable to the mission and goals of ACA or their acceptance must be respectfully declined. The legal ownership of all Gifts and donations must reside in ACA as an entity, to the extent permitted by law and regulations. ACA will only accept Gifts under the following conditions:

1. The COO, or appropriate designee shall make the final decision as to the acceptance or rejection of Gifts of personal property.
2. Gifts may be used at any ACA location as long as the need exists.
3. If for any reason donated equipment remains serviceable, but no longer has the utility in ACA for which the property was accepted, the property shall be disposed of pursuant to ACA's equipment transfer/disposal procedures.
4. To the extent possible, all offers of Gifts and donations shall be in writing, and all responses to such offerings shall be in writing.
5. If a Gift is for ACA employee recognition, then A.R.S. § 41-776 is applicable.

M. Gifts from Foreign Governments.

1. No Stakeholder may request, or otherwise encourage, the offer of a Gift from a foreign government.
2. Table favors, mementos, remembrances, or other tokens bestowed at official functions, and other Gifts of Nominal Value received as souvenirs or marks of courtesy from a foreign government (e.g., plaques or paper certificates) may be accepted and retained by the recipient.
3. Whenever possible, foreign gifts of greater than Nominal Value shall be politely refused. When a Gift of more than Nominal Value is not approved in advance by the

³ A.R.S. §§ 41-1504(B)(3), 41-1504(D)(3).

COO, the donor shall be advised that ACA's Policy prohibits Stakeholders from accepting such Gifts, unless it appears that refusal of the Gift or decoration may offend or embarrass the donor, or could affect adversely the foreign relations of the United States or the State of Arizona. Under such circumstances, the Gift may be accepted on behalf of ACA and the State of Arizona. The Gift then becomes the property of ACA.

4. The burden of proof is on the recipient Stakeholder to establish that the Gift is of Nominal Value.

5. When more than one tangible Gift is included in a single presentation from the same donor to a Stakeholder, or jointly to a Stakeholder and a relative of the Stakeholder, they shall be considered to be a single Gift, and the aggregate value shall be used to determine whether or not the Gift exceeds Nominal Value.

N. ACA Sponsored Events. In support of its mission, ACA may sponsor, co-sponsor or fund social events, trade delegations, meetings, or other functions. Although ACA may invite third parties, governmental officials, community and business leaders, and other members of the general public to attend such events, ACA will not provide guidance to such attendees as to the appropriateness of attending such events. Each third-party participant or invitee must determine based on applicable law, regulation, and internal policies as to the appropriateness of attendance. Any inquiries should be directed to the ACA Ethics Officer. An ACA-sponsored event is not subject to the widely attended gathering criteria of this Policy and ACA Stakeholders may attend such events without first seeking approval through this Policy. ACA will comply with A.R.S. § 41-1231 in regard to events involving State of Arizona legislators.

O. ACA Gifts. In support of its mission, ACA may provide appropriate Gifts to third-parties not to exceed the Nominal Value unless a higher valued amount is approved by the Ethics Committee of the Board of Directors in advance of any purchase. Monetary Gifts are strictly forbidden under all circumstances. Any Gift must first be approved by the COO and take into account the customs of the third party, applicable laws and regulations, and the appropriateness of the event or meeting for which the Gift will be offered. As appropriate by protocol, ACA should inquire about the propriety of providing the gift to the third-party in advance of the event or meeting. Such Gifts cannot be provided to State of Arizona legislators. Rather, ACA will comply with A.R.S. § 41-1231 in regard to any such Gifts. This Policy does not cover incentives, grants, contracts, purchase of equities, or other significant investments by ACA in carrying out its statutory mission.

IV. Procedure/Interventions:

A. Responsibility. The responsibility of overseeing compliance with ACA's Gift Policy is assigned to the ACA Ethics Officer and in his or her absence to the Chief Operating Officer ("COO"). The ACA Ethics Officer is specifically authorized and directed to bring any concerns, issues, problems or questions to the attention of the COO for review and action.

B. Dissemination of the Policy. ACA has set up the following procedures for helping all Stakeholders to learn and understand the guidelines set forth in this Policy:

1. The Policy will be distributed to every Stakeholder upon its implementation and thereafter to each new Stakeholder who joins ACA.

2. Every Stakeholder must indicate that he or she has received and read the Policy by signing the most current ACA acknowledgment and returning it to the ACA Ethics Officer. The acknowledgment also requires each Stakeholder to confirm that he or she has not previously and is not currently engaging in any activity that would constitute a violation of the Policy, or to immediately disclose in writing any such activity to the Ethics Officer.

3. Periodically, and at least annually, the Policy will be re-distributed to every Stakeholder and an updated acknowledgment will be required.

4. ACA will provide prompt written notice to all Stakeholders of any modifications of or additions to the Policy.

5. The Policy will be prominently placed on ACA's website.

6. The Policy will be provided with any ACA request for proposal or solicitation to any potential Vendor, grant awardee, contract awardee, and any other participant in any potential contractual relationship that may be entered into between a third-party and ACA.

7. Stakeholders are encouraged to direct inquiries at any time to the ACA Ethics Officer or, in his or her absence, to the COO.

C. Procedures for reporting and investigating suspected violations.

1. Reporting. Unless a Stakeholder is a Public Official subject to A.R.S. §§ 38-541, *et seq.*, Stakeholders are expected to report promptly any information they have regarding an actual or potential violation of this Policy to the ACA Ethics Officer or, in his or her absence, to the COO. Failure to report such information may itself constitute a violation of this Policy. Non-Stakeholders are also encouraged to reported alleged violations of this Policy. Public Officials serving as ACA directors are expected to comply with A.R.S. §§ 38-541, *et seq.*

2. Investigation. Reports of suspected violations of this Policy will be investigated under supervision of the ACA Ethics Officer. If the ACA Ethics Officer is suspected of possible violations, the Ethics Committee of the Board of Directors will appoint an independent investigator, who may either be another ACA employee or an outside investigator. When a violation is established, ACA will respond promptly and appropriately to deal with the particular individual(s) involved as well as to prevent similar offenses from occurring again. ACA's response may include, when necessary, revising this Policy to better deter and detect the particular type of offense that has occurred.

3. Confidentiality. To the extent practical and appropriate under the circumstances to protect the privacy of the individuals involved, ACA will endeavor to not voluntarily disclose the identity of anyone who reports a suspected violation or participates in its investigation. However, employees should be aware that the ACA Ethics Officer and those assisting the ACA Ethics Officer, the Ethics Committee of the Board of Directors, or retained outside investigators are obligated to act in the best interests of ACA.

4. Protection Against Retaliation. Retaliation in any form against an individual who reports a violation of this Policy, or who assists in the investigation of a reported violation, is itself a serious violation of this Policy. Acts of retaliation should be reported immediately and will be disciplined appropriately.

D. Disciplinary Action. All Stakeholders are expected to adhere to this Policy. Any violation of this Policy is grounds for disciplinary action by ACA, including reprimand, suspension or discharge of the individuals involved. ACA reserves the right to commence civil proceedings or initiate criminal proceedings if, in its sole discretion, it deems such action appropriate. In considering whether and what measures are appropriate, ACA will treat with leniency Stakeholders who come forward to provide information regarding their own violations of this Policy.

E. Audits and Reporting. The ACA Ethics Officer is responsible for the initial investigation of any reported or discovered violations of this Policy. The ACA Ethics Officer is required to report quarterly to the Ethics Committee of the Board of Directors all suspected or alleged violations of this Policy, whether or not substantiated. The ACA Ethics Officer is also responsible for providing a detailed report as to the status of the investigation, whether the alleged violation is substantiated, and what proposed action has been taken or is recommended to be taken in regard to the alleged violation by the Chief of Executive Officer and/or the Ethics Committee of the Board of Directors. The ACA Ethics Officer is also required to report annually as to all Gifts accepted on behalf of ACA, including the date of the Gift, who provided the Gift, the ACA Stakeholder that accepted the Gift, the value of the Gift, and the disposition of the Gift within or without ACA.

V. Procedural Documentation:

A. The ACA Ethics Officer is directed to develop a Stakeholder reporting form, a website anonymous report form, and an intake form for oral reports to be utilized in support of this Policy. The ACA Ethics Officer is also required to develop an Incident Report Form and an Ethics Committee of the Board of Directors Ethics Quarterly Form to track any alleged violations and inquiry outcome.

VI. References:

- A. A.R.S. § 41-1502(K).
- B. A.R.S. § 41-1504(A)(6).
- C. A.R.S. § 41-1504(B)(3).
- D. A.A.C. R2-5-501.

VII. Other Related Policies/Procedures:

- A. Arizona Commerce Authority's Conflicts of Interest Policy.
- B. Arizona Commerce Authority's Ethics Policy.

VIII. Cross Index As:

- A. Conflicts.
- B. Ethics.

RECEIPT AND ACKNOWLEDGEMENT

By signing below, I acknowledge and understand the following:

- I have received, read, and understand the Arizona Commerce Authority (ACA) Gifts Policy (the “Policy”) approved by the ACA Board of Directors on 9-27-11.
- I agree to abide by the Policy as a condition of my employment and my continuing employment at the ACA.
- I have not previously engaged and am not currently engaging in any activity that would constitute a violation of the Policy.
- I understand that if I have any questions regarding this Policy at any time in the future, I will ask my supervisor or management for an explanation.

Name

Position

Date