

(S. B. 1)

(No. 13-2017)

(Approved February 20, 2017)

## **AN ACT**

To authorize the creation of a nonprofit corporation, which shall adopt the concept "Enterprise Puerto Rico," in order to promote the economic development of Puerto Rico using the expertise of the public and private sectors in conjunction with the Department of Economic Development and Commerce of Puerto Rico; establish its organization, duties, functions, and powers; repeal Act No. 201-2014, known as an "Act to Create the Foreign Trade Board of the Government of the Commonwealth of Puerto Rico;" and for other related purposes.

### **STATEMENT OF MOTIVES**

According to data provided by the United States Department of the Treasury, Puerto Rico is suffering a 14.6% economic contraction in the Gross State Product (actual GSP) with a forecast of an additional 3% contraction in the next two years. For years, the Government has operated with a structural deficit that has been financed with bond issues and loans from the Government Development Bank. The Government has been lacking liquidity for over a year, and the tax refunds, the payments to contractors, the money of pensioners, and intra-governmental loans have been used as a substitute for the sources of liquidity.

Access to the Government's financial information as well as the making of adequate economic predictions have been affected by a fragmented government structure and obsolete government systems. Revenues are constantly overestimated and continue to decrease despite the imposition of many new taxes. The Government Development Bank failed to meet its obligations to bondholders since May 1, 2016, and is no longer fulfilling its duty to provide liquidity. Puerto Rico's obligations

portfolio amounts to \$66 billion and includes 18 different issuers whose financial situation is precarious. Debt servicing amounts to an average \$3.5 billion and uses more than one-fourth of the sources of income. Retirement systems are practically insolvent with a \$50 billion debt. The foregoing is worsened by a decrease in population caused by the emigration wave that began in 2006 and that is becoming one of the challenges to overcome on our path to recovery.

Taking into account this dismal state of affairs, it is time to leave behind the philosophy of "*me vale*," [I couldn't care less] roll up our sleeves and work hard for the wellbeing of Puerto Rico. It is our duty to build a new Puerto Rico and to set in motion an administration that does not improvise on the implementation of public policy nor manages the Island's finances on a year-to-year basis, and begin to address the long-term imbalance between income and expenditures. Our commitment under the Plan for Puerto Rico is to address these situations responsibly and restore the Island's credibility. We must look into the future and anticipate the challenges ahead, rather than simply survive the next crisis. The heads and officials of the government components of Puerto Rico must concentrate on balancing income and expenditures, reducing the level of government intervention in Puerto Rico's economy, and creating a competitive business environment governed by good faith, so that investors as well as local and foreign business people may lead the way towards an economic recovery.

The policies of the past led the United States Congress to promulgate PROMESA, delegating to a Financial Oversight Board (FOB) the power to work with the Government of Puerto Rico to assist us in overcoming the crisis it is currently facing. Our commitment is to work hand in hand with the FOB to push Puerto Rico forward. Thus, on December 20<sup>th</sup>, 2016, the FOB requested to include among Puerto Rico's priorities, a plan and a commitment to implement significant changes directed to:

- o Restoring economic growth and creating a more competitive economy. In the short-term, the labor market and social programs should be liberalized, energy costs should be lowered, taxation should be rationalized and optimized, and the permit process should be improved to promote investment.
- o Restructuring the Government to achieve balanced budgets, while preserving essential services for the People of Puerto Rico.
- o Restructuring the pension systems in accordance with PROMESA and reestablishing access to capital markets.

To do this, it is indispensable to establish unprecedented changes that shall make the Government more efficient and fiscally responsible. It is critical to promote a public policy that enables us to develop the economy of Puerto Rico and to act responsibly in the fiscal arena.

Since the 1970s, Puerto Rico's economic development has focused on promoting national and multinational industries through the granting of federal and local tax incentives. Ever since, Puerto Rico's economy began to deteriorate. Such decline became evident with the elimination of the federal tax incentives over which the Government of Puerto Rico had no control and which were at odds with the strengthening and development of new local businesses.

The deterioration of the Puerto Rican economy took a turn for the worse when the Government incurred expenses that exceeded the income which, in turn, brought about more taxes and fees for local enterprises, as well as for all the People. Consequently, local economic activity declined. Since fiscal year 2007, there has been a fifteen percent (15%) economic contraction, with the exception of the year 2012. Since then, the Gross National Product has been in negative numbers.

The massive exodus in search for jobs, services, and quality of life has caused an alarming reduction in population. According to the Puerto Rico Community Survey of the United States Census Bureau, in 2015, nearly 89,000 people left the Island and moved to the continental USA. This drastic population movement has been caused largely by decisions involving highly politicized and inconsistent public policies and to our clinging to an obsolete economic development model.

We must urgently reverse the negative performance of our economy and get back on the road to prosperity. In order to achieve this, it is critical to bring about a paradigm shift in the manner in which we envision the functions of our public institutions and our economic development model. Precisely, the Plan for Puerto Rico endorsed by the People on November 8, 2016, includes measures to achieve fiscal responsibility and to develop the economy of our Island.

Puerto Rico faces the challenge of achieving high levels of competitiveness in order to reach the economic development goals in a globalized and interconnected economy. According to the World Economic Forum 2016-2017 Global Competitiveness Report, competitiveness is defined as the set of institutions, policies, and factors that determine the level of productivity of an economy which, in turn, sets the level of prosperity that a country may achieve. Furthermore, this Report alerts us about the global transformation called the Fourth Industrial Revolution. It is based on digital platforms and characterized by a convergence of technologies that blurs the lines between the physical, digital, and biological spheres. Due to this, each day it shall be more important to support the arrival of new economic activity sectors through reforms that promote innovation.

Puerto Rico was not included in the last World Economic Forum Global Competitiveness Index due to the lack of diligence of the past Administration that failed to provide the data needed in order to be considered. However, the Index

Responding to the 2014-2015 Report mentions the inefficiency of government bureaucracy and the instability of policies among the most problematic factors for doing business in Puerto Rico.

This Government is committed to eliminating all obstacles in order for Puerto Rico to be able to favorably compete with other jurisdictions. To achieve this, the creation of new institutions that boost the growth of our economy are imposed. Other jurisdictions that face financial difficulties have successfully implemented models such as Jobs Ohio, Enterprise Florida, and the *Fundación Chile-Pro Chile*. This legislation has been based on their experience.

It constitutes a programmatic principle of this Administration that the function of the Government must be based on promoting, incentivizing, and facilitating economic development. Said commitment includes the implementation of a development model based on the global principles of competitiveness and sustainability that enables the private sector to play a key role and lead our economic development. Specifically, the Plan for Puerto Rico, on page 38, proposes a "new model [that] shall be focused in retaining investors that are already in the Island, and identifying new sources of investment. This new model shall have the following elements: 1) procedural transparency; 2) accountability; 3) result measurement; 4) fiscal responsibility; 5) productivity. These elements are framed within a structure that affords administrative flexibility and continuity to the efforts to attract new investments to Puerto Rico. This Act authorizes the creation of a corporation similar to those created in other jurisdictions under the concept of Enterprise Puerto Rico, which was included in the Plan for Puerto Rico. In this manner, a programmatic commitment of the government is met and an important quest to lead Puerto Rico towards prosperity and economic development is furthered.

The Enterprise Puerto Rico model refers to an independent nonprofit entity which shall be registered, incorporated, organized, and operated under the laws of Puerto Rico. This organization shall be focused in attracting new investment capital to boost our economic development and to create jobs. To achieve this, it shall use the expert knowledge of the public and private sectors in conjunction with the Department of Economic Development and Commerce of Puerto Rico (DDEC, Spanish acronym).

This new tool shall give continuity to the economic development policies and strategies to attract and multiply private investments and innovation. This new model shall be focused on strengthening our productivity wisely and efficiently thus promoting the establishment of new high value added business and industries, which shall, in turn, lead us to prosperity and to a better quality of life. To guarantee a transparent operation, this entity shall establish a contractual relationship with the Department of Economic Development and Commerce whereby its performance shall be measured, including among other factors, the number of jobs created and retained, the investment of capital achieved, and the new income generated by exports.

***BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:***

**Section 1.- Creation.-**

The Secretary of the Department of Economic Development and Commerce (DDEC) is hereby directed to organize, through the Puerto Rico Industrial Development Company (PRIDCO), a nonprofit corporate entity, whose name shall be determined by said official. Said entity shall be incorporated by the Secretary of the Department of Economic Development and Commerce, and shall be organized in accordance with Act No. 164-2009, as amended, known as the "Puerto

Rico General Corporations Act." This new entity (hereinafter, the Corporation) shall not be a government agency, corporation, or instrumentality, but shall have public purposes, and shall operate as openly, transparently, and accessibly as possible.

The Secretary of the Department of Economic Development and Commerce shall ensure that the articles of incorporation are consistent with the purposes of this Act and the public policy of the Government of Puerto Rico.

#### Section 2.- Purposes and Powers.-

The Corporation shall be the organization in charge of promoting Puetio Rico as an ideal place to do business and shall be entrusted primarily with attracting new foreign capital businesses, capable of contributing additional capital to our economy. To achieve this, it shall count with the expetiise of the public and private sectors in conjunction with the Depatiment of Economic Development and Commerce of Puetio Rico.

The powers of the Corporation shall include the following, among others:

(a) To market Puetio Rico as a pro-business jurisdiction to promote new foreign investments, including the development of goods and services export strategies;

(b) To identify and capitalize interstate and international commerce opportunities;

(c) To attract investment of capital from new businesses, as defined in Section 3 of this Act to promote economic development and create new jobs;

(d) To provide a service portfolio to companies that create jobs in Puerto Rico from their arrival in our jurisdiction until they begin operations;

(e) To serve as liaison so that the new foreign capital businesses that invest in our jurisdiction acquire goods and services from the local business sector in order to ensure the full development of both components and to revitalize the Puerto Rican economy;

(f) To sue and be sued, as well as to appear and defend itself in any action in any judicial proceeding or administrative procedure.

(g) To adopt, use, and modify a corporate seal. Nevertheless, in the event of any provision of law to the contrary, such seal shall not be required to include the words "nonprofit corporation;"

(h) To acquire, enjoy, use, and have at its disposal patents, property rights, registered trademarks, and any other license, royalty and rights, or interests thereon;

(i) To obtain insurance or bonds against any loss related to the properties of the Corporation and the divisions thereof, in the amount and with the insurers that are deemed necessary or desirable;

(j) To serve as liaison and coordinate efforts with other nonprofit organizations focused on the economic development of Puerto Rico;

(k) To create a Business Agents Program to encourage natural or juridical persons to undertake the task of attracting New Businesses to establish operations in Puerto Rico;

(l) In addition to any compensation available under Act No. 164-2009, as amended, known as the "Puerto Rico General Corporations Act," the Corporation may offer compensation and acquire and maintain insurance for its directors, officials, employees, and its divisions against any liability that may arise out of actions taken while acting within the scope of their authority;

(m) The Corporation shall have the necessary powers and authorities to achieve the purposes of this Act. The powers and authorities of the Corporation shall be liberally construed so that it may engage in the fulfillment of its purposes successfully.



### Section 3.- New Business.-

For purposes of this Act, "New Business" means an entity that meets the following criteria:

- (a) Has never engaged in a trade or business in Puerto Rico;
- (b) The trade or business to be engaged in Puerto Rico was not acquired from a business that was engaged in an income generating trade, business, or activity in Puerto Rico;
- (c) It is not an affiliated entity of an entity that is engaged or has been engaged in an income generating trade or business in Puerto Rico;
- (d) Not more than five percent (5%) of its shares are held, directly or indirectly, by one or more residents of Puerto Rico;
- (e) Shall begin operations in Puerto Rico as the result of the efforts of the Corporation; and
- (f) Shall not be engaged in the retail sale of goods in this jurisdiction.

### Section 4.- Contract and Performance.-

In order to achieve the purposes of this Act, the Department of Economic Development and Commerce shall enter into a contract with the Corporation on an annual performance based measures, standards, and sanctions.

The Department of Economic Development and Commerce shall ensure that the performance-based measures of the contract are consistent with those that are required to develop and oversee performance-based budgeting programs. The performance measures shall include, among other factors, the number of jobs created, new investment of capital, and new State revenues resulting from the exports and economic activity generated by the new businesses that are established through the Corporation.

With respect to the contract to be executed between the Department of Economic Development and Commerce and the Corporation pursuant to this Act, the parties shall be exempt from complying with the provisions of Act No. 237-2004, as amended, or of any other provisions regarding contracts and bids contained in special laws or any pertinent regulations.

#### Section 5.- Administration.-

The Secretary of the Department of Economic Development and Commerce shall ensure that the bylaws of the Corporation provide that the Corporation shall be directed by a Board of Directors who shall broadly represent the Government of Puerto Rico, the Puerto Rican community, and the different economic sectors such as: start-up technologies, manufacture, energy, health, agriculture, tourism, sales and services, as well as any other sector that is determined should be integrated to assist in achieving the purpose of this Act. The Board shall be composed of: (a) the Governor of Puerto Rico, who may delegate his participation; (b) the Secretary of State or his representative; (c) the Executive Director of the Industrial Development Company or his representative; and eight (8) members from the private sector appointed by the Governor. At least four (4) of these members shall be residents of Puerto Rico.

The Board shall be chaired by the Governor or his representative. Each year, the Board shall elect a Vice Chair from among its members.

#### Section 6.- Members Appointed by the Governor.-

(a) The members from the private sector appointed by the Governor shall represent the economic sectors, to wit: start-up technologies, manufacturing, energy, health, agriculture, tourism, advanced services, research and development, and any other sector that the Governor deems necessary and pertinent. These members shall carry out their duties in their personal capacity and may not delegate the same. They shall also have proven experience within the economic sector they represent.

(b) The members from the private sector shall be appointed by the Governor for four (4)-year terms and until their successors take office. However, the initial appointments shall be made for staggered terms, to wit: three (3) members for a term of one (1) year, two (2) members for a term of two (2) years, and three (3) members for a term of three (3) years.

(c) The initial appointments shall be made on or before sixty (60) days have elapsed from the date of approval of this Act.

(d) Any vacancy in the office of any member appointed by the Governor shall be filled by appointment made by the latter for the remainder of the term of the original appointment.

(e) The members appointed by the Governor may be removed by the Board of Directors for cause, as said term is defined in the bylaws of the Corporation. However, an unjustified consecutive absence from three (3) meetings shall entail automatic removal.

(f) Any person who has been convicted, in any jurisdiction, of a felony or misdemeanor involving moral turpitude or constituting deceit, fraud, embezzlement, or misappropriation of funds may not be a member of the Board of Directors.

#### Section 7.- Meetings.-

The Board of Directors shall meet at least four (4) times a year, as called by the Chairperson or by petition of a majority of its members. A majority of all directors shall constitute a quorum. The Board of Directors may take any action or determination by a majority vote of the members present, once quorum is constituted.

#### Section 8.- Compensation.-

The members of the Board of Directors shall serve without compensation; however, members other than public officials may be reimbursed for any necessary and reasonable expenses incurred, as determined by the Board of Directors through resolution

#### Section 9.- Prohibitions.-

The Corporation shall neither endorse political parties or candidates for elective public office, nor make contributions for any purpose whatsoever to campaign committees, political parties, or political action committees.

No member, director, official, or contractor of the Corporation may have a conflict of interest or apparent conflict of interest in connection with the New Businesses, as defined in this Act, or with the businesses suppliers, nor may benefit from the income or assets of the Corporation.

#### Section 10.- Powers and Authorities of the Board of Directors.-

The Board of Directors of the Corporation created herein shall have the necessary powers and authorities that are delegated thereto to achieve the purposes of this Act, and for the Board to exercise the powers delegated to the new entity under Section 2 of this Act, in accordance with the best practices of the industry and nonprofit organizations, including the following:

(a) To establish the organizational structure and seek funding for its programs and activities from federal sources or from the Government of Puerto Rico, private sources, and from the payment for services or published materials.

(b) To petition, receive, hold, invest, or administer any grant, payment, or donation of funds or property, and incur expenses consistently with the powers conferred thereto under this Act.

(c) To enter into contracts and other instruments as are necessary or convenient in order to exercise its powers and duties. The Board shall ensure that the contracts entered into with any person or organization whereby said person or organization agrees to render services for economic development or entrepreneurial assistance services do not constitute a duplication of the services offered by or to government agencies and instrumentalities.

(d) To elect or appoint those officials, employees, or agents deemed necessary or convenient to carry out its activities, and provide them with a reasonable compensation.

(e) To transfer any government appropriation that has not been used to subsequent fiscal years.

(f) To create and dissolve advisory committees, task forces or teams, or similar organizations, as necessary, in order to achieve its purposes. Its members shall serve without compensation, but may be reimbursed for any necessary and reasonable expenses incurred for each day they meet, as determined by the Board.

(g) To establish those committees it deems necessary, which shall have at least one member from the public sector.

(h) To adopt, amend, and revoke corporate bylaws, provided that such bylaws are consistent with the powers granted under this Act or its articles of incorporation.

#### Section 11.- Duties and Responsibilities of the Board of Directors.-

The Board of Directors of the Corporation shall have the following duties and responsibilities:

(a) To responsibly and prudently manage all public and private funds received ensuring that such funds are used in accordance with the applicable laws and regulations, as well as with its contractual obligations.

- (b) To administer the entities or programs created pursuant to this Act.
- (c) To prepare an annual report pursuant to Section 17 of this Act.
- (d) To draft a short-, medium-, and long-term strategic action plan to attract new investments to Puerto Rico, which plan shall include specific strategies to achieve each and every one of the purposes set forth in Section 2 of this Act.

#### Section 12.- Funds.-

(a) During Fiscal Year 2017-2018, PRIDCO shall grant an initial financing of five hundred thousand dollars (\$500,000) to the Corporation for its initial operation.

(b) The Government of Puerto Rico's operational investment in the Corporation and the divisions thereof shall be that agreed upon under contract with the Department of Economic Development and Commerce, taking into consideration the budget of the Corporation as provided in Section 12(c), the contribution of funds by the private sector to the Corporation as provided in Section 13, and the performance measures set forth in Section 4 of this Act.

(c) The Board shall adopt an operating budget for the organization -including the divisions thereof- for each fiscal year and shall submit said budget to the Secretary of the Department of Economic Development and Commerce. Said budget shall specify the proposed uses of the public funds thus appropriated and the plan to ensure the private sector's economic support.

(d) The Secretary of the Treasury shall establish a special fund denominated "Operating Fund to Attract New Businesses," wherein five percent (5%) of the revenues from the income tax paid by New Businesses qualified as such under this Act that invest foreign capital in Puerto Rico as the result of the actions taken by the Corporation shall be deposited on an annual basis as of Fiscal Year 2017-2018. The money of the Operating Fund to Attract New Businesses shall be

used exclusively by the Secretary of Economic Development and Commerce to contract with the Corporation so that the latter may carry out its duties and responsibilities under this Act.

**Section 13.- Contribution of Funds by the Private Sector.-**

(a) The Government of Puerto Rico shall consider the broadest support of the private sector in the operations of the Corporation and the divisions thereof as a priority. Therefore, the Corporation shall take affirmative action so that the appropriations of operating funds from the Government of Puerto Rico are matched with the contribution of funds from the private sector in the proportion to be determined by the Secretary of the Department of Economic Development and Commerce.

(b) The support of the private sector in the operations of the Corporation and the divisions thereof shall include:

1. The contribution of funds from the organizations assisted by the divisions of the Corporation.

2. The funds collected jointly by the Corporation and any private organization directed towards economic development or a group of this type of organization.

3. The proceeds from the sale of products or services of the Corporation and the divisions thereof through the sponsorship of events, missions, programs, and publications.

4. Co-payments, shares, securities, royalties, and other private resources in favor or for the benefit of the Corporation.

**Section 14.- Officials of the Corporation.-**

The officials of the Corporation shall be:

(a) The Secretary of the Department of Economic Development and Commerce shall be the Executive President, who shall be, in turn, the chief officer

of the Government of Puerto Rico in charge of recruiting new businesses and enterprises.

(b) The Board of Directors shall appoint an Executive Director.

(c) The Board of Directors may appoint other officials as required to achieve an efficient operation and compliance with the objectives listed in Section 2 of this Act.

#### Section 15.- Duties of the Executive Director.-

The Executive Director shall direct and supervise the administrative matters of the Board of Directors, and of any other board, subsidiary, division, or committee of the Corporation. The Board of Directors may delegate on the Executive Director those powers and responsibilities it deems appropriate.

The Executive Director shall have authority to hire, manage, and sanction the employees of the Corporation and to determine their compensation within the approved budget limits and the applicable by-laws. The Executive Director shall establish personnel policies, shall participate in drawing up the annual budget, shall hire external professional services, tend to the day-to-day operations of the Corporation, and shall carry out the instructions of the Board of Directors. He shall also draft the annual report provided in Section 17 of this Act and any other reports as required by the Governor, the Legislative Assembly, or the Board of Directors.

#### Section 16.- Compensation of the Executive President and the Executive Director.-

(a) The executive president of the Corporation, being a public official, shall not receive compensation for his services nor payment of per diems or reimbursements for incurred expenses.

(b) The Board of Directors shall establish and adjust the compensation of the Executive Director. The Executive Director shall be recruited under contract and shall be a full-time salaried employee of the Corporation.



Section 17.-Annual Report.-

Before December 1 of each year, the Corporation shall submit to the Governor of Puerto Rico, the Legislative Assembly, and its Board of Directors, a full and detailed report including, but not limited to, the following:

(a) A description of the operations and achievements of the Corporation, and an itemization of the most important trends, initiatives, or developments that affect the performance of any program or activity.

(b) A progress assessment aimed at attaining the organizational goals and the specific short-, medium- and long-term performance results.

(c) Methods to implement and fund the operations of the Corporation and the divisions thereof, including the support of the private sector required in Section 13 of this Act.

(d) A description of the operations and achievements of the Corporation and the divisions thereof with respect to the promotion of economic opportunities in Puerto Rico.

(e) An annual financial and compliance audit conducted by an independent certified public accountant of the accounts and books of the entity at the close of the fiscal year of the Government of Puerto Rico. This audit shall be conducted at the end of the most recent fiscal year in accordance with the generally accepted accounting guidelines and principles.

The Governor may require the Corporation to broaden this report with supplementary reports.

The Board of Directors shall be in charge of posting the report on the Internet on the filing date thereof.

#### Section 18.- Marketing Campaign.-

The Corporation shall develop a marketing strategy directed to attracting new businesses to Puerto Rico. The strategy shall be coordinated with any other promotional or marketing effort of the Government of Puerto Rico or of any entity contracted to provide destination marketing services.

#### Section 19.- Initial Report.-

Within one hundred and eighty (180) days of the constitution of the Board of Directors, the Board shall draft and submit to the Governor and the Legislative Assembly a detailed report on the decrees, incentives, subsidies, credits, reimbursements, or other tax or financial benefits available to attract New Businesses. In its report, the Board shall include recommendations on the measures that should be eliminated, amended, or expanded, and it may recommend additional measures directed at attracting new capital to Puerto Rico, and to create well-paid jobs.

#### Section 20.- Inventory of Municipal Activities.-

By September 30 of each year, all municipalities shall submit to the Board a brief summary of the economic development strengths, services, and incentives they offer to their communities.

#### Section 21.- Advertisements during Election Period.-

It is hereby expressly provided that the prohibition and procedure contained in Section 12.001 of Act No. 78-2011, as amended, known as the "Commonwealth of Puerto Rico Election Act," shall not apply to the Corporation's marketing campaigns and strategies for the promotion of Puerto Rico.

#### Section 22.- Liability.-

Under no circumstances shall the Corporation pledge the credit of the Government of Puerto Rico. No debt and other obligation of the Corporation shall constitute a debt or obligation of the Department of Economic Development and

Commerce of the Government of Puerto Rico, or of any of its municipalities or other political subdivisions, and the latter shall not be held liable therefor, thus such debts or obligations shall be repaid only from the funds of the Corporation.

Section 23.- Act No. 201-2014, known as "An Act to Create the Foreign Trade Board of the Government of the Commonwealth of Puerto Rico," is hereby repealed.

Section 24.- Supremacy.-

This Act shall have supremacy over any other provision that is inconsistent with its purposes.

Section 25.- Severability.-

If any clause, paragraph, subparagraph, sentence, word, letter, section, provision, subsection, title, chapter, subchapter, heading, or part of this Act were held to be null or unconstitutional, the holding, order, or judgment to such effect shall not affect, impair, nor invalidate the remainder of this Act. The effect of said holding shall be limited to the clause, paragraph, subparagraph, sentence, word, letter, section, provision, subsection, title, chapter, subchapter, heading, or part thereof held to be null or unconstitutional. If the application to a person or to a circumstance of any clause, paragraph, subparagraph, sentence, word, letter, section, provision, subsection, title, chapter, subchapter, heading, or part of this Act held to be null or unconstitutional, the holding, order, or judgment to such effect shall not affect, impair, or invalidate the application of the remainder of this Act with respect to those persons or circumstances where it may be validly applied. It is the express and unequivocal will of this Legislative Assembly that the courts enforce the provisions and the application of this Act to the greatest extent possible, notwithstanding any parts thereof are rendered ineffective, annulled, invalidated, impaired, or held to be unconstitutional, or when its application to any person or

circumstance is rendered ineffective, invalidated, or held to be unconstitutional. This Legislative Assembly would have approved this Act regardless of the determination of severability that the Court can make.

Section 18.- Effectiveness.-

This Act shall take effect immediately after its approval.



Gobierno de Puerto Rico  
Departamento de Estado

Fecha de la Transacción: 23-ago-2017  
Núm. Registro: 399571  
Núm. Recibo: 1328251

## Gobierno de Puerto Rico

### Certificado de Incorporación de una Corporación No Autorizada a Emitir Acciones de Capital

#### Artículo I - Nombre de la Corporación

El nombre de la Corporación Doméstica es: **INVEST PUERTO RICO INC.**

El nombre de la entidad incluye el término: **Inc.**

#### Artículo II - Oficina Designada y Agente Residente

Su oficina designada en el Gobierno de Puerto Rico estará localizada en:

Dirección Física **355 Ave. Franklin D. Roosevelt, Hato Rey, SAN JUAN, PR, 00918**  
Dirección Postal **PO Box 362350, San Juan, San Juan, PR, 00936-2350**  
Teléfono **(787) 758-4747**

El nombre, dirección física y postal del Agente Residente a cargo de dicha oficina es:

Nombre **Invest Puerto Rico Inc.**  
Dirección Física **355 Ave. Franklin D. Roosevelt, Hato Rey, SAN JUAN, PR, 00918**  
Dirección Postal **PO Box 362350, SAN JUAN, PR, 00936-2350**  
Correo Electrónico **ana.palou@pridco.pr.gov**  
Teléfono **(787) 758-4747**

#### Artículo III - Naturaleza o Propósito

Esta es una entidad Sin Fines de Lucro cuya naturaleza o propósito son:

**Promover el desarrollo económico de Puerto Rico utilizando la pericia de los sectores públicos y privados, en colaboración con el Departamento de Desarrollo Económico y Comercio, por vía de la Compañía de Fomento Industrial de Puerto Rico.**

La categoría principal o propósitos que mejor describe es la siguiente:

**Desarrollo Económico, Social Y Comunitario**

La forma de organización que mejor identifica esta corporación es la siguiente:

**Fundación**

#### Artículo IV - Acciones de Capital

La corporación no tendrá autoridad para emitir acciones de capital.

#### Artículo V - Condiciones Requeridas de los Miembros

Las condiciones requeridas de los miembros habrán de figurar en los estatutos de la corporación.

#### Artículo VI - Incorporadores

El nombre y dirección física y postal de cada Incorporador es:

Nombre **Compañía de Fomento Industrial de Puerto Rico**  
Dirección Física **355 Ave. Franklin D. Roosevelt, Hato Rey, SAN JUAN, PR, 00918**  
Dirección Postal **PO Box 362350, San Juan, SAN JUAN, PR, 00936-2350**  
Correo Electrónico **ana.palou@pridco.pr.gov**

#### Artículo VII - Oficiales

Si las facultades de los Incorporadores habrán de terminar al radicarse el Certificado de Incorporación de una Corporación No Autorizada a Emitir Acciones de Capital, los nombres, direcciones físicas y postales de las personas que se desempeñarán como Oficiales hasta la primera reunión anual de los miembros o hasta que sus sucesores los reemplacen son:

Nombre **Laboy Rivera, Manuel A.**  
Posición **Presidente**  
Dirección Física **355 Ave. Franklin D. Roosevelt, Hato Rey, SAN JUAN, PR, 00918**  
Dirección Postal **PO Box 362350, Hato Rey, SAN JUAN, PR, 00936-2350**  
Correo Electrónico **ana.palou@pridco.pr.gov**  
Fecha de Expiración **Indefinido**

#### Artículo VIII - Término de Existencia

El término de existencia de esta entidad será: **Perpetua**

La fecha en que la entidad tendrá vigencia: **23-ago-2017**

#### Documentos de Apoyo

Documento	Fecha de Emisión
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#### DECLARACIÓN BAJO PENA DE PERJURIO

EN TESTIMONIO DE LO CUAL, Yo / Nosotros Laboy Rivera, Manuel, el suscribiente, con el propósito de formar una corporación con arreglo a las leyes de Puerto Rico, juro/juramos que los datos contenidos en este Certificado son ciertos. Hoy, 23 de agosto de 2017.

## Anti-Nepotism Policy

### I. Background

Invest Puerto Rico, Inc.'s (hereinafter, "IPR") principle mission is to promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the Island. IPR is an equal opportunity employer and will strive to utilize fair hiring practices and make employment and other business decisions based solely on the needs of IPR and the skills, ability, and performance of each applicant and employee. Because nepotism is inconsistent with this approach, we have adopted this Anti-Nepotism Policy.

### II. Purpose

The purpose of this Anti-Nepotism Policy is to: (i) prevent a conflict of interest or the appearance of a conflict of interest from arising through the hiring or employment of friends and relatives; (ii) avoid the favoritism and conflicts of interest often associated with nepotism; and/or (ii) prevent the misuse of authority and influence or the appearance of such misuse.

### III. Definitions

1. Nepotism – Favoritism granted to relatives or close friends, usually in the form of hiring and employment decisions.
2. Conflict of Interest – A situation in which an individual has competing interests or loyalties that could prevent that individual from making decisions based exclusively on the best interests of IPR. Any employment decisions involving friends or relatives creates a conflict of interest because an IPR employee may be influenced by family loyalty or friendship or his or her own financial interests, rather than the best interests of IPR, in making employment decisions related to a relative or friend.
3. Family Member – A wife, husband, mother, father, brother, sister, son, daughter, nephew, niece, grandparent, grandchild, aunt, uncle, first cousin; or any "in-law" or "step" version of the foregoing; or any member of a given IPR employee's fourth degree of consanguinity and second degree of affinity.
4. Friend – A person attached to another by feelings of affection or personal regard.
5. Direct Reporting Relationship – A direct reporting relationship in which an employee reports directly to a supervisor or manager.

6. Indirect Reporting Relationship – An indirect reporting relationship in which an employee reports to a supervisor and the supervisor reports to a manager; thus, the employee indirectly reports to the manager.

## IV. Guidelines

It is the policy of IPR not to hire, employ, promote or make any other employment decision involving any Family Member of a current IPR employee unless the following conditions are met:

1. The relevant process—e.g., the hiring or promotion process—is open and equitable, and decisions are otherwise made in accordance with IPR's related policies.
2. IPR solicited and accepted applications from a range of sources and considered all applicants fairly based on appropriate criteria.
3. The employment decision does not result in a Direct or Indirect Reporting Relationship between Friends or Family Members.
4. No IPR employee who is a Friend or Family Member of the affected applicant, candidate, contractor, or employee may be directly or indirectly involved in or directly or indirectly influence any aspect of the employment decision.
5. No IPR employee may be directly or indirectly involved or directly or indirectly influence the wages, hours, benefits, career progress or other terms and conditions of employment of a Friend or Family Member.

This Anti-Nepotism Policy applies retroactively, and any existing relationships or situations must be disclosed immediately, evaluated, and managed consistently with this Anti-Nepotism Policy. Moreover, employees who become Family Members while employed by IPR shall be treated in accordance with these guidelines.

Concerns or complaints about possible violations of this Anti-Nepotism Policy should be submitted to a representative of Human Resources. All such complaints or concerns shall be treated as confidentially as feasible.

Violations of this Anti-Nepotism Policy may result in discipline up to and including termination of employment.

## V. Clarifications, Exceptions, and Changes to this Anti-Nepotism Policy

If any employee has questions about and/or needs clarification of any aspect of this Anti-Nepotism Policy, the employee should check with Human Resources, and the Director of Human Resources shall be the ultimately interpreter of this Anti-Nepotism Policy.




Exceptions to this Anti-Nepotism Policy may be made only with the duly authorized consent of the Board of Directors.

This Anti-Nepotism Policy has been reviewed and approved by the Governance Committee and the Board of Directors of IPR. The Board of Directors of IPR must approve any amendment to this Anti-Nepotism Policy.

21 December  
Approved on the \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Chair, IPR Board of Directors

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**INVEST PUERTO RICO INC.****BY-LAWS****ARTICLE 1: Name and Background****Section 1.1 – Name**

The name of the corporation is **Invest Puerto Rico Inc.** (hereinafter, the “CORPORATION”) as listed in the Registry of Corporations of the Department of State of Puerto Rico, under number 399571.

**Section 1.2 – Objectives**

The CORPORATION’s principal objective will be to promote Puerto Rico as an ideal place to conduct business and its primary task is attracting new investors capable of injecting new capital to the Puerto Rican economy, pursuant to the provisions of Act 13-2017, known as “Enterprise Puerto Rico” (hereinafter, Act 13-2017), as it may be amended from time to time.

**Section 1.3 – Obligations**

The CORPORATION shall have the following duties, obligations, powers and functions, without this being construed as a limitation to its other general corporate powers:

- (1) Promote Puerto Rico as a pro-business jurisdiction encouraging new foreign investments, including the development of export strategies for goods and services.
- (2) Identify and capitalize on international and interstate commerce opportunities.
- (3) Attract capital investments targeting New Businesses, as defined in the articles of Act 13-2017, in order to generate economic development and job creation.
- (4) Provide a services portfolio to businesses that create jobs in Puerto Rico from the moment they arrive in the jurisdiction up until the onset of their operations.
- (5) Serve as a liaison so that New Businesses that are bringing in foreign investments acquire goods and services from the local business sector. The aim is two-fold: develop both components to the fullest and revitalize the economy of Puerto Rico.
- (6) Formulate a Strategic Plan of action that contemplates a short/medium/long term timeframe to attract new investment for Puerto Rico.
- (7) Develop a marketing strategy in conjunction with any other promotional effort that the Government sets in place to attract New Businesses to Puerto Rico.
- (8) Acquire, make use of, or transfer intellectual property rights, trademarks, and any licenses, royalties and other rights or interests thereof.
- (9) Serve as a liaison and coordinate efforts with other non-profit organizations committed to the economic development of Puerto Rico.

- (10) Create different programs to implement the purposes of the CORPORATION, including without limitation, a Business Management Program to train legal and natural persons pursuing the establishment of New Business operations in Puerto Rico.
- (11) Prepare and adopt a Conflict of Interest Policy for the CORPORATION.
- (12) Prepare and adopt a Code of Business Ethics for the CORPORATION and designate independent ethics committee.
- (13) Designate advisory committees that the Board of Directors deems necessary to provide advice in any matter that the Board of Directors deems appropriate.
- (14) Conduct research and collaborate with governmental entities tasked with the development and collection of statistical data that is fundamental to an efficient and effective discharge of responsibilities, objectives and purposes. To that effect, the CORPORATION will share all statistical data pertaining to investments, whether obtained or generated, along with any research findings it conducts or receives with the following: the Department of Economic Development and Commerce of Puerto Rico ("DEPARTMENT"), the Governor and the Legislative Assembly.
- (15) Receive donations, create and implement a development strategy for a sponsorship program that allows the CORPORATION to obtain private funds.
- (16) Prepare an annual operating budget for the CORPORATION, to be approved by the Board of Directors, and forward a copy of said budget to the Secretary of Economic Development and Commerce.
  - a. Proposed uses of public funds allocated.
  - b. A plan to secure economic support of the private sector.
- (17) Prepare a complete and detailed report for the Governor of Puerto Rico, its Board of Directors, and the Legislative Assembly, through both legislative bodies, before December 1st of each year, which shall include:
  - a. A description of the operations and achievements of the CORPORATION and an identification of the most important trends, initiatives or developments that impact the performance of any program or activity
  - b. A progress evaluation aimed at achieving organizational goals and specific performance outcomes in the short, medium and long term.
  - c. Methods to implement and finance the operations of the CORPORATION and its divisions, including private sector support as required by Article 13 of Act 13-2017.
  - d. A description of the operations and achievements of the CORPORATION and its divisions, with respect to promotion of economic opportunities in Puerto Rico.
  - e. An annual audit of the finances and compliance/due diligence carried out by a certified, independent public accountant with regards to the accounts and bookkeeping of the entity, at the closing of the fiscal year of the Government of Puerto Rico. This audit will be conducted at the end of the most recent fiscal year and will be conducted in accordance with generally accepted accounting principles and rules. The Board of Directors will be responsible for the publication of this report through the Internet on the date of submission.

- (18) In addition to any indemnity provided by the General Corporations Act of Puerto Rico, the CORPORATION may provide compensation and purchase and hold insurance on behalf of its directors, officers, employees and its divisions against any liability arising out of actions taken while acting within the scope of its authority.
- (19) The CORPORATION shall have all the power and authority necessary to comply with the purposes of Act 13-2017. The powers and authority of the CORPORATION will be interpreted liberally so that it can devote itself successfully to fulfill its purpose.

**Section 1.4 – Restrictions/Limitations**

The CORPORATION will be subject to the following restrictions/limitations:

- (1) The CORPORATION shall not have the authority to issue equity nor declare and pay dividends.
- (2) No director, officer, employee or any person may benefit from the income and assets of the CORPORATION, with the exception of salaries and reasonable market compensation for their services.
- (3) The CORPORATION shall not participate in electoral processes, directly or indirectly, in or out of Puerto Rico. It cannot support political parties, hopefuls, candidates, campaign committees, or agents, representatives or committees of any of the foregoing, or political action committees that make donations or coordinate expenses among themselves or to separate committees or funds, directly or indirectly, in or out of Puerto Rico.
- (4) The CORPORATION will not carry out lobbying activities, directly or indirectly. This restriction/limitation shall not prevent the CORPORATION from conducting studies and responding to requests for opinions on projects and programs directly related to the promotion of Puerto Rico as an investment destination and other purposes contained in Act 13-2017, or any law that replaces it.
- (5) The CORPORATION will not incur expenses for purposes inconsistent with the purposes and objectives of the CORPORATION or in contravention with its budget or Strategic Plan.
- (6) The CORPORATION shall not incur expenses or commit funds in excess of the total revenue reasonably anticipated during a fiscal year.
- (7) The administrative and payroll expenses, compensation and benefits of officers and other employees and contractors of the CORPORATION may not exceed the amounts or percentages of the CORPORATION's budget approved by the Board of Directors.
- (8) The CORPORATION's certificate of incorporation and Corporate By-laws may be amended so long as the amendments are consistent with Act 13-2017, or any law that replaces it and, in

addition said amendments have received the affirmative vote of two thirds of the members of the Board of Directors of the CORPORATION.

## **ARTICLE II: Main Office**

### **Section 2.1**

The main office of the CORPORATION will be Invest Puerto Rico, 150 Convention Boulevard, Suite 300 San Juan, PR 00907 or at any other address that the Board of Directors, at its sole judgment, may determine.

## **ARTICLE III: Resident Agent**

### **Section 3.1**

The CORPORATION's resident agent will be the Department of Economic Development and Commerce of Puerto Rico. The physical address of the resident agent will be the Department of Economic Development and Commerce of Puerto Rico, PRIDCO Building, 355 FD Roosevelt Ave. Suite 401, Hato Rey, PR 00918, or at any other location that the Board of Directors, at its sole judgment, may determine. Its mailing address will be PO Box 362350, San Juan, PR 00936-2350, or at any other address that the Board of Directors, at its sole judgment, may determine.

## **ARTICLE IV: Board of Directors**

### **Section 4.1 – General**

The affairs of the CORPORATION will be conducted by a Board of Directors ("Board") comprised of eleven (11) members: (i) the Governor of Puerto Rico, or its representative, (ii) the Secretary of State or its representative, (iii) the Secretary of the Department of Economic Development and Commerce, or its representative, (iv) and eight (8) private sector members who shall be named by the Governor of Puerto Rico pursuant to the provisions of Act 13-2017, of which at least four (4) shall be residents of Puerto Rico.

#### **Section 4.1.1 – Length of Terms of Members of the Board of Directors**

- (1) Ex officio members (Section 4.2.1) shall hold office on the Board of Directors for as long as they hold public office.
- (2) Members appointed by the Governor (Section 4.2.2) shall be appointed for terms of four (4) years and until their successors take office. However, initial appointments shall be made for staggered terms, namely three (3) members for a period of one (1) year, two (2) members for a period of two (2) years, and three (3) members for a period of three (3) years.

**Section 4.1.2 – President of the Board of Directors**

The Governor or his representative shall preside over the Board of Directors.

**Section 4.1.3 – Vice President of the Board of Directors**

The Board of Directors shall annually select from among its private sector members a Vice President, who shall have such obligations and powers as are determined by the Board of Directors.

**Section 4.1.4 – Treasurer of the Board of Directors**

The Board of Directors shall annually select from among its private sector members its Treasurer.

**Section 4.1.5 – Secretary of the Board of Directors**

The Board of Directors shall annually select from among its private sector members its Secretary.

**Section 4.1.6 – Compensation of Directors**

The members of the Board of Directors shall serve without compensation, but those who are not public servants may be reimbursed for necessary and reasonable expenses incurred, as determined by a resolution of the Board of Director.

**Section 4.1.7 – Meeting Place of the Board of Directors**

The meetings of the Board of Directors of the CORPORATION will be carried out in the jurisdiction determined by the Board of Directors by resolution.

**Section 4.1.8 – Delegations**

Except for the ex officio members, no one in the Board of Directors may delegate to another his/her participation.

**Section 4.1.9 – Quorum**

A quorum shall be constituted with a majority of the members of the Board of Directors.

**Section 4.1.10 – Voting**

Once quorum is established the Board of Directors can take any action or determination by a majority vote of the present members.

**Section 4.1.11 – Fiduciary Duty of Care**

The members of the Board of Directors shall discharge their duties as Board Directors, including duties as members of a committee, (1) in good faith, (2) with the care an ordinary prudent person in like position would exercise under similar circumstances, and (3) in a manner the Board Director reasonably believes to be in the best interest of the CORPORATION.

**Section 4.1.12 – Fiduciary Duty of Loyalty**

The members of the Board of Directors shall discharge their duties as Board Directors by acting in the CORPORATION's best interests and not using his or her authority to advance personal interests, or the interests of related third parties.

**Section 4.1.13 – Fiduciary Duty of Fidelity to Purpose**

The members of the Board of Directors shall discharge their duties as Board Directors by acting with fidelity to the purpose of the CORPORATION.

**Section 4.1.14 – Fiduciary Duty of Confidentiality**

The members of the Board of Directors shall discharge their duties as Board Directors by appropriately safeguarding confidential information, including any information shared by other Board Directors at a meeting of the Board of Directors, and specifically designated as confidential in nature at that time.

**Section 4.2 – Composition of the Board of Directors**

The Board of Directors of the CORPORATION will be constituted in the following manner:

**Section 4.2.1 – *Ex Officio* Members**

The Board of Directors will include three (3) members *ex officio* representing the following government entities:

- (1) The Governor of Puerto Rico, who can delegate his participation;
- (2) The Secretary of State, or his representative;
- (3) The Executive Director of the Industrial Development Company or his representative.

An *ex officio* member is able to appoint a representative to substitute him/her in one or more meetings.

**Section 4.2.2 – Members Appointed by the Governor**

- (1) The members of the private sector appointed by the Governor will represent economic sectors such as: emerging technologies, manufacturing, energy, health, agriculture, tourism, advanced services, research and development, and any other industry which the Governor deems necessary and relevant. These members will perform their non-delegable duties in their personal capacity. They should be well experienced within the economic sector they represent.
- (2) A position left vacant by resignation, death or removal, by a member appointed by the Governor will be replaced with a new member, appointed by the Governor, who will serve out the term of the original appointment.
- (3) Members appointed by the Governor may be removed by the Board of Directors, for cause. Nevertheless, unjustified absences to three (3) consecutive meetings will constitute an automatic removal of said member. The Board of Directors will be responsible of determining if such absences are unjustified or not. For purposes hereof, just cause shall mean: any conviction of a crime involving moral turpitude, declaration of mental incompetency, blatant conflict of interest with the mission of the CORPORATION, and complete disregard of its fiduciary duties after prior due notice and time provided to cure such disregard.

- (4) Any person convicted of a serious felony, in any jurisdiction, or of a lesser felony involving moral depravity or dishonesty, fraud, embezzlement, or illegal appropriation of funds cannot be a member of the Board of Directors.

#### **Section 4.3 – Powers of the Board of Directors**

The Board of Directors of the CORPORATION will have the necessary powers and faculties to carry out the objectives of the CORPORATION and to enable it to exercise its delegated faculties, including the following:

- (1) Establish the organizational structure and secure the financing for programs and activities derived from federal sources or from the government of Puerto Rico, private sources, and from the payment for services or published materials.
- (2) Request, receive, own, invest or administer any subsidy, payment or donation of funds or property and incur in expenses consistent with the powers vested in it by Act 13-2017.
- (3) Grant contracts and other necessary or convenient tools for the exercise of its powers and functions. The Board of Directors will make sure that contracts with a person or organization who/which agrees to provide services related to economic development, or services for managerial assistance, are not duplicitous with respect to services provided by/for government agencies and instrumentalities, unless the Board of Directors deems that such contracts are necessary to fulfill the expectations of the Board of Directors.
- (4) Elect or appoint those officers, employees and necessary or favorable agents to carry out their activities and provide an adequate compensation.
- (5) Transfer any government allocation which has not been utilized to subsequent fiscal years.
- (6) Create and dissolve advisory committees, groups or work teams and other similar organizations as deemed necessary to carry out its purposes. Its private sector members will serve without compensation but may be reimbursed for necessary and reasonable expenditures incurred during meeting days, as determined by the Board of Directors.
- (7) Establish those committees it deems necessary, including Executive and Audit Committees, which will include at least one member of the public sector.
- (8) The Corporation shall have the power to sue and be sued, as well as to appear in Court and defend itself in any judicial or administrative action brought against it.
- (9) Adopt, use and modify a corporate seal. Notwithstanding any legal provision to the contrary, it is not necessary for the words “non-profit corporation” to be included.
- (10) Each September 30th, receive a brief summary of the strengths, services and economic development incentives offered by each municipality.
- (11) Obtain insurance, guarantees or sureties against any loss related to the properties of the CORPORATION and its subdivisions, in the amounts and with the underwriters that are necessary or desirable.



- (12) Adopt, amend and revoke corporate By-laws, as long as they are consistent with the powers granted by Act 13-2017 or its articles of incorporation.

#### **Section 4.4 – Limitations on the Members of the Board of Directors**

##### **Section 4.4.1**

Only those members of the Board of Directors who hold their appointments in accordance to Section 4.2.1 can be employees or officers of the Government of Puerto Rico.

##### **Section 4.4.2**

No member, director, officer or contractor of the CORPORATION can have, or appear to have, a conflict of interest with respect to the operations of the CORPORATION, as defined by Article 9 of Act 13-2017.

#### **ARTICLE V: Meetings and Procedures of the Board of Directors**

##### **Section 5.1 – Ordinary Meetings**

The Board of Directors will meet at least quarterly, holding at least four (4) meetings per year. Quorum shall be determined when the majority of the total number of Directors are present at a meeting.

Ordinary and extraordinary meetings may be held in person, via conference calls, or by video-conferencing.

##### **Section 5.2 – Extraordinary Meetings**

An extraordinary meeting of the Board of Directors may be called by the President of the Board of Directors at any time, through his/her own initiative or through the request of four (4) members of the Board of Directors.

##### **Section 5.3 – Notifications**

A meeting may be requested by the President of the Board of Directors or through the request of four (4) members of the Board of Directors, through a notice issued by the Secretary of the Board of Directors or its representative which shall include, the agenda, the time and the place for such meeting. Meetings may be held by video or teleconferencing or in any means that allows for simultaneous communication of all participants.

Calling a meeting of the Board of Directors must be given with no less than forty-eight (48) hours notice. Such notification may be issued through e-mail. The notification requirements established herein may be waived in writing by any member.

##### **Section 5.4 Voting**

Voting will take place in person, via conference calls, videoconferencing and/or e-mail, as approved by the Board of Directors.

Any and all actions taken by the Board of Directors shall be made by a majority vote of all the members constituting quorum.

Decisions may also be made by a vote of all members of the Board of Directors through a written consent, which may be signed or approved in one document or individually. No voting shall take place over items not disclosed in the agenda, and when the matter to be voted upon requires the Board of Directors to review documentation, the Board of Directors must be provided with at least seventy-two (72) hours prior to the voting to review the same.

### **Section 5.5 – Appointment and Creation of Committees**

In addition to committees authorized by Act 13-2017, the Board of Directors may create and designate any committees that it deems necessary.

## **ARTICLE VI: Officers**

### **Section 6.1 General**

- (1) The Executive President will be the Secretary of the Department of Economic Development and Commerce.
- (2) The Board of Directors of the CORPORATION will name an Executive Director and will name other officers as required to achieve an efficient operation and meet the objectives of the CORPORATION.

#### **Section 6.1.1**

The offices of Executive Director, Treasurer and Secretary cannot be held simultaneously by the same person. The officers of the CORPORATION will have those duties as provided by the By-laws or resolutions of the Board of Directors and will act as officers as long as they enjoy the trust of the Board of Directors.

#### **Section 6.1.2**

- (1) The Secretary of the Department of Economic Development and Commerce, as Executive President and primary officer of the Government of Puerto Rico entrusted with the pursuit of New Businesses and businesses, will have the responsibility of assisting the Executive Director in his/her on behalf of the CORPORATION.
- (2) The Executive President, in his/her capacity as a public official, will not be remunerated for his/her services, nor be given a stipend or reimbursement for expenses incurred.

### **Section 6.2 – Executive Director**

- (1) The Executive Director will be the highest executive officer, entrusted with the general and active administration of the affairs of the CORPORATION, making sure that all directives, resolutions and guidelines of the Board of Directors, of the meetings of the members and of these By-laws are carried out.

- (2) The employment of the Executive Director will be on a full-time basis.
- (3) His/her mandate will be subject to the Board of Directors.
- (4) The Board of Directors will determine his/her salary and approve his/her expenditures, according to thresholds established and approved by the Board of Directors
- (5) On behalf of the Board of Directors will call all meetings through the Secretary of the Board or his/her authorized representative
- (6) Will prepare the agenda of all meetings of the Board of Directors according to the guidelines provided by the Board of Directors. Additionally, he/she will prepare and deliver an Annual Report to the Board of Directors and will participate in the preparation of the operational budget.
- (7) Will participate in all meetings of the Board of Directors and committees with the approval of the Board of Directors but will not have the right to vote.
- (8) Will represent the CORPORATION before the Board of Directors and before any other entity or outside institution, whether it be of private or public nature. Likewise, he/she will represent the CORPORATION in all official functions.
- (9) Will be in charge of supervising all businesses and affairs of the CORPORATION and he/she will manage and supervise all subordinate employees of the CORPORATION.
- (10) Will employ the necessary personnel to carry out the objectives and tasks of the CORPORATION. In addition, will be able to lay off any employee of the CORPORATION and set a stipend within the budget approved by the Board of Directors. Will set up the functions and titles of the personnel, will supervise their performance and will delegate the administrative responsibilities that he/she deems necessary to the best interest of the CORPORATION.

### **Section 6.3 – Secretary**

The Secretary of the CORPORATION will:

- (1) Maintain an updated copy of the Articles of Incorporation, the By-laws of the CORPORATION, and any other document and/or By-laws approved by the Board of Directors that pertain to the operation of the CORPORATION.
- (2) Transcribe, keep and safeguard the minutes of the meetings of the Board of Directors and its committees.
- (3) Ensure that all notifications are made in accordance with the provisions of these By-laws and of Act 13-2017.
- (4) Monitor other relevant records.
- (5) Safeguard the Corporate Seal.
- (6) Keep a record of the postal and e-mail addresses of the members of the Board of Directors.
- (7) Perform any other incidental duties incumbent upon the Secretary and any other responsibility or task delegated by the Board of Directors.

Any of these tasks may be delegated to any person designated by the Board of Directors.

#### **Section 6.4 – Treasurer**

The Treasurer of the CORPORATION shall:

- (1) Keep the Board of Directors informed of the financial status of the CORPORATION.
- (2) Approve financial reports required by government agencies.
- (3) Perform any other incidental duties incumbent upon the position of Treasurer and any other task or responsibility delegated by the Board of Directors.

Any of these tasks may be delegated to any person designated by the Board of Directors.

### **ARTICLE VII: Finances**

#### **Section 7.1 – Fiscal Year**

The fiscal year of the CORPORATION will start on the first day of July and end on the last day of June.

### **ARTICLE VIII: Corporate Seal**

#### **Section 8.1**

The content on the seal of the CORPORATION will have the following wording: "INVEST PUERTO RICO". Said seal, which shall remain under the custody of the Secretary, shall be known as the Corporate Seal of the CORPORATION.

### **ARTICLE IX: Representation of the Corporation - Scope of the Authority**

#### **Section 9.1**

No Committee or member of the Board of Directors shall represent nor spend money on behalf of CORPORATION without the express authorization of the Board of Directors, unless such expenses or statement of expenditures are specifically included in the approved budget of the current year.

### **ARTICLE X: Private Non-Profit Corporation**

The CORPORATION is and shall always be a non-profit private corporation, pursuant to the provisions of Act 164-2009, known as the General Corporations Act, as amended (hereinafter, the "General Corporations Act" registered as such in the Department of State of Puerto Rico. The CORPORATION shall not be considered, for any purpose, a department, agency, public corporation, instrumentality, unit, or subdivision of the Government of Puerto Rico.

The debts and other obligations of the CORPORATION shall not constitute debts or obligations of the Directors, the Department of Economic Development and Commerce, the Government of Puerto Rico, or of any of its municipalities or other political subdivisions. Said debts/obligations/liabilities will be payable exclusively with funds of the CORPORATION.

**ARTICLE XI: Miscellaneous Provisions**

**Section 11.1 – Indemnity to Directors**

Each person who is made a party to or is involved in any action, suit, or proceeding, whether civil, criminal or administrative, only by reason of the fact that he or she is a director, officer or employee of the CORPORATION shall be indemnified and held harmless by the CORPORATION to the fullest extent authorized by the laws of Puerto Rico against all expense, liability and loss (including attorney's fees) incurred by such person in connection therewith, and such indemnification shall continue as to a person who has ceased its position or employment in the CORPORATION. The Board of Directors shall approve to indemnify only if it determines that such person has met the standards of conduct required by law, by Act 13, the By-laws and by any agreement executed by the CORPORATION, and that it was made in good faith in pursuance of the best interests of the CORPORATION.

The CORPORATION may maintain insurance to protect itself and any director, officer, employee or representative.

**Section 11.2 – Conflict of Interest**

Whenever a director has a financial or personal interest in any matter coming before the Board of Directors, the affected person shall a) fully disclose the nature of the interest and b) withdraw from discussion, lobbying, and voting on the matter. Any transaction or vote involving a potential conflict of interest shall be approved only when a majority of disinterested directors determine that it is in the best interest of the CORPORATION to do so. The minutes of meetings at which such votes are taken shall record such disclosure, abstention and rationale for approval.

**ARTICLE XII: Amendments to Articles of Incorporation and Corporate By-laws**

**Section 12.1 – Amendments**

Amendments to the Certificate of Incorporation and Corporate By-laws of the CORPORATION will require the approval of the majority of the members of the Board of Directors.

**Section 12.2 – Proposals for Amendment**

Any member of the Board of Directors of the CORPORATION may propose changes to the Certificate of Incorporation and Corporate By-laws. Any proposal must comply with the provisions of Act 13-2017, or any subsequent law that replaces it.

Proposals for changes must be submitted in writing and must include:

- (1) The specific language proposed, indicating the previous language that would be modified or replaced, if any;
- (2) Explanation or justification for the proposed amendment.

Prior to being approved, the proposed changes will be evaluated by the Board of Directors to guarantee that they are in tune with the mission and vision of the CORPORATION.

These Corporate By-laws were approved by the Board of Directors, in San Juan, Puerto Rico, today, October 21, 2020.

## Conflict of Interest Policy

### I. Purpose

Invest Puerto Rico, Inc.'s (hereinafter, "IPR") principle mission is to promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the Island. IPR's activities will involve assisting companies or individuals that are interested in doing business in Puerto Rico, which may include negotiating Transactions and other contracts or engagement. The purpose of this Conflicts of Interest Policy is to provide rules and guidelines to ensure that IPR Representatives comply with their duty to act solely in the interests IPR and not to use their positions or any knowledge gained from their positions for personal benefit.

### II. Definitions

1. "IPR Representative"—a director, officer, employee, full-time independent contractor, or agent of IPR or any Family Members of any of them.
2. "Family Member"—a spouse, domestic partner, child, or any individual claimed as a dependent during the last tax year.
3. "IPR Consultant"—a firm that has a contractual engagement to provide services to IPR.
4. "IPR Client"—a firm or individual seeking to conduct business activities in Puerto Rico that IPR seeks to assist in so doing.
5. "Compensation"—any direct or indirect provision of anything of value.
6. "Financial Interest"—one of the following interests in an IPR Client:
  - i. Compensation from an IPR Client worth more than \$25,000.00 per one-year period;
  - ii. An equity interest in a non-publicly traded IPR Client with a value of more than \$25,000.00 or in a publicly traded IPR Client that represents more than 1% of the voting rights or equity in the entity; or
  - iii. A position as a director, trustee, officer, employee, or partner of the entity.
7. "Affiliated Entity"—an IPR Client in which an IPR Representative has a Financial Interest.
8. "Interested Individual"—an IPR Representative that has a Financial Interest in an Affiliated Entity.
9. "Transaction"—the act of reaching a contractual agreement between IPR and an IPR Client. To the extent that IPR is not a contractual party, it shall not be considered an IPR Transaction.
10. "Conflict of Interest"—a situation that undermines an Interested Individual's ability to act exclusively in the best interests of IPR. The Ethics Committee shall be responsible for,

and have final say in, determining when a conflict of interest exists.

11. "Ethics Committee"—the Ethics Committee as defined in IPRs by laws.

### III. Duties of Every IPR Representative

It shall be the continuing responsibility of each IPR Representative to identify actual, potential, or perceived Conflicts of Interest. If an IPR Representative is aware of a possible Conflict of Interest or of an existing or proposed Transaction that could reasonably create a Conflict of Interest or the perception of one, the IPR Representative must disclose the circumstances to the Ethics Committee (or to a senior IPR officer for transmittal to the Ethics Committee).

Before starting his or her position as such, each IPR Representative shall file with the Ethics Committee a Disclosure Form (Appendix A) disclosing any actual or potential Conflict of Interest and listing all Affiliated Entities. Each IPR Representative shall also have an ongoing duty to notify the Ethics Committee (or an IPR officer for transmittal to the Ethics Committee) of any relevant changes to information provided in their Disclosure Form. Such Disclosures will be maintained with the corporate governance records of IPR. Moreover, the Ethics Committee shall maintain a current list of all Affiliated Entities and shall make the list available to all IPR Representatives involved in making decisions on behalf of IPR.

### IV. Duties of the Ethics Committee

The Ethics Committee shall:

1. promptly investigate the circumstances surrounding any actual, potential, or perceived Conflict of Interest brought to its attention, including requesting all documents and information useful for this purpose;
2. carefully evaluate the facts gathered regarding any such Conflict of Interest, consulting with legal counsel where appropriate;
3. issue directives to IPR management for managing the Conflict of Interest both during their review and following their evaluation (note that prior to the Ethics Committee's completing its evaluation, any activity relevant to the Conflict of Interest should be limited to the extent possible).

To execute its obligations, the Ethics Committee may consider using the following procedures as appropriate:

- i. meet in person or remotely as promptly as practicable;
- ii. receive a briefing on the situation and the proposed Transaction;



- iii. ensure that minutes are taken of the meeting that reflect the identity of the relevant Interested Individual(s), the nature of the Conflict of Interest, the information received by the Ethics Committee about the matter, the Ethics Committee's deliberations and any vote(s), a clear statement of any Ethics Committee decisions and directives regarding the Conflict of Interest and the reasons therefore;
- iv. ensure that no Interested Individual(s) participates (other than to provide requested information) in any deliberations or decision-making related to the Conflict of Interest;
- v. evaluate the disclosures considering the nature of any related Transactions, any Interested Individual's or Individuals' responsibilities related to the Transactions;
- vi. carefully monitor any Transactions as to which a Conflict of Interest was identified to ensure compliance with Ethics Committee directives;
- vii. bring to the Board for appropriate response any actions by any IPR Representative that are inconsistent with this Policy, any Ethics Committee direction issued hereunder, or that are otherwise concerning from an ethical perspective.

## V. Guidelines

1. Generally, an IPR Representative should recuse himself/herself (or be removed) from, and not work on or be involved in (or be permitted to work on or be involved in) any discussions, deliberations, or decision-making regarding, any Transaction with respect to which he or she has an actual, potential, or perceived Conflict of Interest. Nor shall an IPR Representative attempt to influence (or be permitted to influence) any decision-making regarding any Transaction with respect to which he or she has an actual, potential, or perceived Conflict of Interest.
2. IPR shall not proceed with any Transaction with respect to which an actual, potential, or perceived Conflict of Interest exists until the Ethics Committee has prescribed measures for addressing the Conflict of Interest and all relevant Interested Individuals are in compliance with Ethics Committee's instructions.
3. Generally, IPR may not (without informed approval from the Ethics Committee under such directive as prescribed by the Ethics Committee) provide Compensation to any IPR Representative beyond that which IPR is obligated to pay the IPR Representative in his or her capacity as an IPR Representative (i.e., as a director, officer, employee or contractor of IPR).
4. Generally, and subject to the following paragraph, IPR may not (without informed approval from the Ethics Committee under such directive as prescribed by the Ethics Committee) engage any IPR Consultant or other provider of goods or services with which any IPR Representative has a pre-existing business relationship.
5. IPR may not engage any IPR Consultant or other provider of goods or services to the extent that doing so would materially benefit an IPR Representative absent informed approval by the full Board of Directors, which approval should be given only where truly required in the best interests of IPR and only with measures prescribed to minimize such Conflict of Interest, including potentially removing the relevant IPR Representative(s) from the organization.
6. Subject to the other provisions of this Policy, the Ethics Committee may permit to proceed a Transaction with respect to which an actual, potential, or perceived Conflict of Interest exists, but only (i) where the Transaction provides an appropriate level of advantage to IPR to justify proceeding and (ii) after it has prescribed protections to mitigate the Conflict of Interest and ensured compliance. At all times, the touchstone of the Ethics Committee's decision-making shall be the best long-term interests of IPR.

## VI. Insider Trading Policy

All IPR Representatives are prohibited from taking personal advantage of any knowledge they have of non-public information as a result of their work for IPR, including engaging in

any transaction (including without limitation buying or selling, directly or indirectly, any security) when they have knowledge of any non-public IPR information that would, or could reasonably be perceived to, affect a reasonable assessment of the value of such transaction.

## VII. Violations

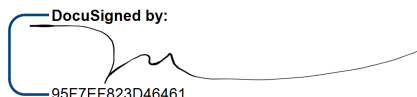
The violation by any IPR Representative of this Policy and/or any directives issued by the Board of Directors or Ethics Committee hereunder shall constitute grounds for disciplinary action, up to and including termination for cause.

If the IPR Board of Directors and/or the Ethics Committee finds and/or believes that an IPR Representative failed to comply with this Policy or any Board or Ethics Committee directives issued hereunder, it shall inform the IPR Representative of the bases of said belief, undertake whatever investigation is appropriate, and require the IPR Representative to explain his or her actions. The Board of Directors or Ethics Committee shall take all appropriate actions based on its investigation and the IPR Representative's explanation.

## VIII. Changes to Conflicts of Interest Policy

This Conflict of Interest Policy has been reviewed and approved by the Board of Directors of IPR. The Board of Directors of IPR must approve any amendment to this Policy.

Approved on the 10<sup>th</sup> day of August , 2020.

DocuSigned by:  
  
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Chair, IPR Board of Directors

Manuel Laboy

September 3, 2020 | 2:20 PM PDT

## Appendix A: Conflicts of Interest —Disclosure Form

**Purpose:** All IPR Representatives are required to file the Disclosure Form with the Ethics Committee disclosing any known actual or potential or perceived Conflicts of Interest. For purposes herein, all defined terms shall have the same meaning as the defined terms in the Conflicts of Interest Policy.

**Instructions:** IPR Representatives must initial in the space of the first paragraph, complete the follow up questions, sign and date the statement, and return it to the IPR Ethics Committee.

### IPR Representative Role:

- a. ☐ Director
- b. ☐ Officer
- c. ☐ Resource (individuals that may work at IPR either as employees or as full-time independent contractors)
- d. ☐ Agent
- e. ☐ Other, specify: \_\_\_\_\_

I am not aware of any relationship or interest or situation involving any Affiliated Entity and myself or any of my Family Members that might result in, or give the appearance of being, a Conflict of Interest between such Affiliated Entity and myself.

Initials:

1. Please indicate if you are affiliated in any way with any organization that conducts Transactions with IPR.

- a. ☐ Yes
- b. ☐ No

If yes, describe:

2. Please indicate if you had, have, or will have any interest in any Transaction(s) in the past year.

a. ☐ Yes

b. ☐ No

If yes, describe:

3. Please indicate if you participated in any employment agreement, compensation relationship, or any other arrangement with a third-party doing business with IPR that has resulted or could result in personal benefit to you?

a. ☐ Yes

b. ☐ No

If yes, describe:

4. Please indicate if you received, or were entitled to receive any benefits from an IPR Client as a result of any Transaction between IPR and the IPR Client, that is not compensation directly related to your duties to IPR?

a. ☐ Yes

b. ☐ No

If yes, describe:

I have read and understand IPR's Conflict of Interest Policy and agree to be bound by it. I will promptly inform the Ethics Committee of IPR of any material change that develops in the information contained in the foregoing statement.

By: \_\_\_\_\_

Printed:

Date:

## **Donations and Gift Acceptance Policy**

### **I. Purpose of Policy**

Invest Puerto Rico, Inc.'s (hereinafter, "IPR" or the "Corporation") principle mission is to promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the Island. IPR solicits and accepts donations, grants or gifts for purposes that will help the organization further and fulfill its mission. The purpose of this "Donations Policy" is to set forth the criteria that IPR and its Executive Committee, Board of Directors and other employees shall use to determine that a proposed donation, gift or grant is acceptable and to provide a guide on the types of donations that IPR accepts. While this Donations Policy establishes best practices, it is designed to provide flexibility as directed by the Board of Directors.

### **II. Communications with Donors**

IPR should hold all communications with donors and information concerning donors and prospective donors in strict confidence, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a donor, or a prospective donor will be granted only if permission is first obtained from the donor or prospective donor.

### **III. Donor Relations**

IPR does not provide personal legal, financial or other professional advice to donors or prospective donors. Donors and prospective donors are strongly encouraged to seek the assistance of their own professional advisors in matters relating to their donations, gifts and grants and the resulting tax and estate planning consequences.

### **IV. Use of Legal Counsel**

IPR will seek the advice of legal counsel in matters relating to acceptance of donations, gifts or grants when appropriate. Review by counsel and Board approval is recommended for:

- a) Securities that are subject to restrictions, such as closely held stock, or closely held stock subject to buy-sell agreements or other restrictions.
- b) Donations involving contracts or other legal documents requiring IPR to assume a legal obligation.
- c) Documents naming IPR as trustee or requiring IPR to act in any fiduciary capacity.
- d) Donations requiring IPR to assume financial or other obligations.
- e) Donations of patents and intellectual property.
- f) Transactions with potential conflicts of interest.
- g) Donations of property which may be subject to environmental or other regulatory matters.

- h) Other circumstances in which the CEO or the Executive Committee believe that use of counsel is appropriate.

## **V. Factors to Consider in Donations**

When considering whether to solicit or accept donations, IPR will consider the following factors:

- a) Values – whether the acceptance of the donations compromise any of the core values of IPR.
- b) Compatibility – whether there is compatibility between the intent of the donor and the organization's use of the donation.
- c) Public Relationships – whether acceptance of the donation may damage the reputation of IPR.
- d) Primary Benefit – whether the primary benefit is to IPR, versus the donor.
- e) Consistency – whether acceptance of the donation is consistent with prior practice.
- f) Form of Donation – whether the donation offered is in a form that IPR can use without incurring substantial expense or difficulty.
- g) Effect on Future Donations – whether the donation will encourage or discourage future donations.

## **VI. Evaluation Process**

Donations, gifts or grants to IPR up to \$10,000.00 shall be evaluated and/or accepted by IPR's CEO. The Executive Committee (directly, or through a designated member, as may be allowed to from time to time) shall be responsible for the review, solicitation and/or acceptance of proposed donations, gifts or grant to IPR that exceed \$10,000.00. IPR Management shall make recommendations to the Executive Committee regarding donations acceptance and the interpretation of this Donations Policy. The Executive Committee shall then recommend the acceptance or non-acceptance of the donation.

## **VII. Donor Acknowledgment and Recognition**

- a) General Donation Acknowledgment – All donations to IPR will be acknowledged by the Executive Committee within one month of receipt of the donation. An acknowledgment letter including a formal tax receipt for cash donations will be sent to each donor upon acceptance of a donation. Receipts and acknowledgments are necessary to ensure that donations are deposited correctly and serve as additional verification of a tax-deductible donation for the donor.
- b) Donor recognition – The Annual Report is the IPR's main recognition tool. All donors contributing \$1,000 or more will be recognized in the IPR's Annual Report published annually.
- c) Anonymity – Requests for donor anonymity will be honored, and donors who wish to remain anonymous may do so with every confidence.
- d) Confidentiality – Files, records, and mailing lists regarding all donors and donor prospects are maintained and controlled by IPR. Written reports of interviews and

solicitations will be maintained in the donor or prospect records. This information is confidential and is strictly for the use of IPR and staff. Use of this information shall be restricted to organizational purposes only. The donor has the right to review their donor fund file(s). Names of donors will not be provided by IPR to other organizations, nor will any lists be sold or given to other organizations.

### **VIII. Restrictions on Donations**

IPR will accept unrestricted donations, gifts and grants for specific programs and purposes, provided that such donations are not inconsistent with IPR's stated mission, purposes and priorities. IPR shall not accept donations that are inconsistent with its mission, purpose or priorities or are judged too difficult to administer. For example, IPR will not accept donations that:

- a) would result in IPR violating its corporate charter and governing documents.
- b) would result in IPR losing its status as a Puerto Rico exempt organization and/or an IRS 501(c)(3) not-for-profit organization.
- c) are too difficult or too expensive to administer in relation to their value.
- d) could result in any adverse consequences for Invest Puerto Rico IPR.
- e) violate any federal, state, or local, statute or regulation.
- f) contain unreasonable conditions.
- g) are made with the condition that the proceeds will be spent by IPR for the personal benefit of a named individual.
- h) could expose IPR to liability.
- i) are inconsistent with or outside of the scope of IPR's mission.
- j) at the discretion of the Board of Directors, are not convenient for IPR to accept them.

Decisions on the restrictive nature of a donation, and its acceptance or refusal, shall be made by the Executive Committee.

### **IX. Types of Donations**

The following donations, subject to the limitations contained in this Donations Policy, may be considered for acceptance by IPR:

- a) Cash
- b) Professional Services
- c) Tangible personal property, including in-kind donations
- d) Intellectual property rights

This not an exclusive list, and IPR may consider other types of donations that are not prohibited or restricted in any law or regulation, in this Donations Policy or against the intent of this Donations Policy.

### **X. Miscellaneous Provisions**



- a) Securing appraisals and legal fees for donations to IPR – It will be the responsibility of the donor to secure and appraisal (where required) and independent legal counsel for all donations made to IPR. The donor will pay all associated costs for the appraisal absent a prior agreement with IPR. Donors are responsible for payment of their own legal fees.
- b) Valuation of Donations for development purposes – IPR will record a donation received by IPR at its valuation for donation purposes on the date of gift.
- c) Responsibility for IRS Filings upon sale of certain donated property – The Director of Finance is responsible for filing IRS Form 8282 upon sale or disposition of any non-marketable asset sold within three years of receipt by IPR when the charitable deduction value of the item is more than \$5,000. IPR must file this form within 125 days of the date of sale or disposition of the asset.

## **XI. Gifts Acceptance Policy for IPR employees**

- a) IPR Employee no-gift policy: Standards and Requirements  
As an effort to demonstrate our commitment to these standards, all employees must abide by the following no-gift policy requirements:
  - i. No gifts of any kind, that are offered by vendors, suppliers, customers, potential employees, potential vendors, and suppliers, or any other individual or organization, no matter the value, will be accepted by any employee at their personal capacity, at any time, on or off the work premises. This no-gift policy includes vendor or potential vendor or supplier-provided food, beverages, meals, or entertainment such as sporting events.
  - ii. This no-gift policy includes any business courtesy offered to an IPR employee, such as a product discount or any other benefit if the benefit is not extended to all employees.
- b) Employee Gift Policy Exceptions:
  - i. Gifts such as t-shirts, pens, trade show bags and all other items of nominal value that employees obtain, as members of the public, at events such as conferences, training events, seminars, and trade shows, that are offered equally to all members of the public attending the event. This includes food and beverages provided at events, exhibitor trade show floor locations, press events, and parties funded by conference or event sponsors.
  - ii. Cards, thank you notes, certificates, or other written forms of thanks and recognition.
  - iii. Food, beverages, and moderately priced meals or tickets to local events that are supplied by and attended by current customers, partners, and vendors or suppliers in the interest of building positive business relationships.
- c) Obligations of Employees:  
Employees are required to inform vendors, potential vendors and other persons of this employee no-gift policy, and the reasons IPR has adopted the policy. Employees will request that vendors respect IPR's company policy and not

purchase and deliver any gift for its employees, a department, an office or the company, at any time and for any reason.

d) If an employee or department receives a gift:

- i. If feasible, the gift shall be returned to the vendor.
- ii. If not feasible to return the gift, the gift must be raffled or distributed to all employees.
- iii. Plants or flowers will be displayed in the lobby, or at another central location where all employees may enjoy their presence.
- iv. Gifts of food that may arrive during the holidays, and at other times of the year when gift giving is traditional, belong to the entire staff even if addressed to a single employee.

## **XII. Conflict of Interest**

The Board of Directors of IPR will assure that IPR personnel are circumspect in all dealings with donors in order to avoid even the appearance of any act of self-dealing. The Board of Directors will consider a transaction in which the employee has a "material financial interest" with a donor an act of self-dealing. In reviewing self-dealing transactions, the Board of Directors shall consider financial interest "material" to an employee if it is enough to create an appearance of a conflict. In each case, this will be a question of fact. The Board of Directors will examine all acts of self-dealing including, but not limited to prohibition against personal benefit. Those individuals who normally engage in the solicitation of donations on behalf of IPR shall not personally benefit by way of commission, contract fees, salary, or other benefits from any donor in the performance of their duties on behalf of IPR. The definition of individual includes each of the categories of employees of IPR. Individuals are further defined to include associations, partnerships, corporations, limited liability companies, or other enterprises in which a member of the staff holds a principal ownership interest.

## **XIII. Clarifications or Exceptions to Donations Policy**

If any employee has questions about and/or needs clarification of any aspect of this Donations Policy, the employee should check with his or her supervisor. If the supervisor is uncertain, Human Resources shall be the interpreter of the Donations Policy as to ensure consistent employee treatment across IPR. Any exceptions to the Donations Policy may be made only with the permission of the Board of Directors.

## **XIV. Changes to Donations Policy**

This Donations Policy has been reviewed and approved by the Board of Directors of IPR. The Board of Directors of IPR must approve any amendment to this Donations Policy.

Approved on the <sup>21</sup>\_\_\_\_ day of <sup>December</sup>\_\_\_\_, 2020.

DocuSigned by:



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December 23, 2020 | 12:08 PM PST

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Chair, IPR Board of Directors

# Financial Management Policy

## I. Background

Invest Puerto Rico, Inc.'s ("IPR") principle mission is to promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the Island. The purpose of this Financial Management Policy is to establish guidelines for developing financial goals, making financial decisions, reporting the financial status of IPR, and managing IPR's funds.

## II. Definitions

IPR Representative – Any IPR director, officer, or other individual that works for IPR either as an employee or independent contractors.

## III. Financial Responsibilities

IPR's CEO, COO, and Director of Finance shall be responsible for managing IPR's financial condition, preparing appropriate budgets at least annually and updating them as often as appropriate.

The Board shall have responsibility for approving IPR's annual budget, staying informed of IPR's financial condition (including by directing the CEO to provide them information as appropriate), and taking all actions necessary to protect the financial health of the organization. The Board may appoint a Treasurer to assist the Board with these obligations.

IPR's Director of Finance is responsible for the preparation of all tax and non-profit reporting as required by all applicable laws and regulations.

## IV. Operating Budget Process

The CEO shall be responsible for preparing an annual operating budget for IPR and presenting it in a timely fashion (1) first to the Treasurer and the Executive Committee and after they have approved it for Board review, (2) to the Board for approval.

When in the course of operations actual costs exceed budgeted amounts, such overages may be allowed as follows:

1. If the overage is less than or equal to the lesser of (a) twenty percent (20%) of the budgeted amount or (b) \$100,000, it can be approved by the functional area leader or in the absence of a functional area leader, the COO or CEO.
2. If the overage is greater than (a) twenty percent (20%) of the budgeted amount or (b) \$100,000, it must be approved by the IPR Board of Directors.

Approval of any overages may only be requested and granted when the overages are accompanied by an equal amount of savings from another approved budget expense to ensure a balanced budget. Care should be taken to ensure that any approved budget expense amounts are not adversely impacted such that IPR cannot carry out activities critical to its mission and purpose.

All overages greater than \$10,000 shall be reported to the IPR Executive Committee on a quarterly basis and at the end of the fiscal year.

## V. Financial Statements

IPR's Director of Finance shall be responsible for preparing IPR's financial statements on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP). The CEO and Treasurer shall review and approve IPR's annual financial statements for presentation to the Executive Committee.

## VI. Audit

The IPR Director of Financial shall procure and oversee an annual audit of IPR's financial statements by Independent Certified Public Accountants.

The IPR Board of Directors shall have oversight authority over the Audit Committee. In addition, the Audit Committee shall assist when necessary in the audit preparation and report the results to the IPR Board of Directors. The accountant shall prepare all required U.S. Internal Revenue Services (IRS) and Puerto Rico Department of Treasury documentation. The Director of Finance and Administration shall review and assure timely reporting and filing to the authorities.

## VII. Tax Reporting

IPR will follow the guidelines set forth by the IRS and the Puerto Rico Department of Treasury for tax reporting purposes.

## VIII. Financial Accounts

The Director of Finance may open (and close) and shall manage (in accordance with IPR's investment policy as appropriate) IPR's financial accounts, including without limitation checking, money market, or brokerage accounts.

All checks, cash, money orders, and credit card deposits, shall be reviewed by the Director of Finance or his/her staff and deposited in the appropriate accounts. Funds from fundraising events, donations, and similar contributions shall be deposited into separate accounts.

The Director of Finance shall be responsible for reconciling IPR's financial accounts, cross-referencing them with the cash and receipts logs and the financial statements. IPR shall maintain all bank statements and other records in an appropriate manner.

## IX. Expenditures Procedures

IPR shall make all expenditures in accordance with Procurement Policy and all IPR personnel shall be responsible ensuring that any expenditures they make aligns with IPR's then-current approved budget. IPR expenditures shall be approved according to the following thresholds:

Threshold	Procurement Method	Approver	Criteria for Selection
<=\$1,000	No bids required	Functional Leader or Executive (Managers, Directors or C-Suite)	Purchases should be made in a prudent manner
\$1,001- \$25,000	Written or verbal requests for quotes and receipt of written quotes from at least three (3) vendors		Evaluation according to relevant criteria, including but not limited to price, quality, vendor experience, availability and/or other. Consider
\$25,001-\$50,000	Written request and receipt of quotes from at least three (3) vendors	Functional Executive (C-suite)	

\$50,001-\$100,000	Written requests for quotes using RFQ template and receipt of written quotes from at least three (3) vendors	CEO or COO	existing Preferred Vendors
\$100,001+	Formal RFP	CEO & Executive Committee	Requirements and scoring outlined in RFP documents and process

IPR's Director of Finance shall maintain standard accounting records containing all aspects of IPR's financial operations, including: (i) a general ledger; (ii) a check register; and (iii) a payroll register.

Invoices shall be approved according to the above thresholds and paid promptly following approval. Checks shall be signed according to Section the signature policy below. Upon payment of a bill, proper recording of the transaction should be followed. Paid invoices shall be maintained on a fiscal-year basis.

Guidelines for the reimbursement of reasonable and authorized expenses incurred by IPR Representatives while conducting IPR business are included in the IPR Travel and Expense Policy.

## X. Signature Policy

The signatures of the CEO or COO and one other IPR officer shall be required for any payment up to \$100,000. The signature of the CEO or COO and a member of the Executive Committee shall be required for any payment over \$100,000.

## XI. Compensation and Payroll

The Director of Finance shall be responsible for ensuring that payroll and expense reimbursement are properly executed on a bi-weekly basis.

## XII. Donations

IPR shall accept donations of money as well as contributions of goods and services that are related to IPR's mission. Contributions of non-cash items must be reviewed and approved by the Executive Committee before acceptance. Donated materials and equipment shall be reflected in the financial statements at their estimated values measured on the date of receipt. (Please refer to Gifts and Donation Policy)

The Director of Finance shall provide receipts that appropriately acknowledge any contributions to IPR in accordance with legal requirements.

## XIII. Debt

IPR shall not take on any debt obligation (other than routine credit card and banking transactions) without Board approval, and any debt must be documented by an instrument signed by the Chairman of the Board.

The debts and other obligations of IPR shall not constitute debts or obligations of any IPR Representative(s), the Department of Economic Development and Commerce of Puerto Rico, the Government of Puerto Rico, or of any of its municipalities or other political subdivisions. Said debts/obligations/liabilities are payable exclusively from IPR funds.

## XIV. Investments

The Director of Finance shall be responsible for making and managing IPR's financial investments in accordance with the Investment Policy. The Director of Finance shall periodically present to the Treasurer and Executive Committee IPR's investment portfolio and strategy for review and guidance.

## XV. Insurance

The Director of Finance shall be responsible for maintaining appropriate insurance coverages to protect IPR's interests as well as those all IPR Representatives. The COO shall review IPR's insurance program at least annually.

## XVI. Confidentiality and Records Security


Only members of the Board, the CEO, COO, Director of Finance and IPR's financial staff (or others expressly authorized by the CEO or COO) shall have access to IPR financial records, including vendor files, checks, journals, payroll, and similar records.



## XVII. Changes to Financial Management Policy

This Financial Management Policy has been reviewed and approved by the Board, and the Board must approve any amendment to this Financial Management Policy.

Approved on the 10<sup>th</sup> day of August, 2020.

DocuSigned by:  
  
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Chair, IPR Board of Directors

Manuel Laboy

September 3, 2020 | 2:20 PM PDT

# Procurement Policy

## I. Background

Invest Puerto Rico, Inc.'s (hereinafter, "IPR" or the "Corporation") principle mission is to promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the Island. IPR will from time to time contract for goods and services from qualified outside entities or individuals. This Procurement Policy establishes the general guidelines for IPR to procure such goods and services.

## II. Restricted Funds

To the extent IPR receives any funds that are subject to restrictions, whether imposed by statute, regulation, or contract, IPR shall use such funds only in accordance with such restrictions.

## III. General Principles

When procuring goods and services, IPR shall follow these principles:

1. Fair competition generally leads to the most cost-effective solution. Accordingly, IPR generally solicit multiple bids through a level and transparent process and evaluate them fairly, considering such factors as price, quality/expertise, and any past performance.
2. To further IPR's mission, IPR shall where practicable use suppliers located in Puerto Rico.
3. Conflicts of interest (including the appearance of conflicts of interest) should be avoided and must be managed in accordance with IPR's applicable policies.
4. IPR will actively monitor and manage supplier performance.
5. IPR will ensure that its suppliers respect the privacy of all personal information provided by IPR and comply with all relevant privacy laws.

## IV. Supplier Ethics and Business Conduct

IPR shall require its suppliers to behave ethically and comply with applicable laws and regulations, including by establishing a right to terminate any contract with suppliers that do not comply.

## V. Procurement Code of Conduct

IPR's personnel, including directors, officers, and employees, are required in the procurement process to avoid, report and manage Conflicts of Interest in accordance with IPR's Conflict of Interest and Anti-Nepotism Policies.

## VI. Procurement Guidelines, Thresholds and Approvals

Each Functional Executive with IPR (CMO, CBDO, etc.) will be responsible for ensuring that any procurements is in line with the budget for his or her functional area, that funds will be available to honor related commitments when due, and that the procurement is approved per the guidelines below:

Threshold	Approver
<=\$1,000	Functional Leader or Executive (Managers, Directors or C-Suite)
\$1,001 to \$25,000	
\$25,001-\$50,000	Functional Executive (C-suite)
\$50,001-\$100,000	CEO or COO
\$100,001+	CEO and Executive Committee

## VII. Procurement Methods

Except as described below, IPR will use competitive procurements.

### A. Competitive Procurement

An open competitive procurement process ensures fair and ethical treatment of bids from suppliers. The traditional competitive procurement process allows all interested parties to submit a bid for a job and comply with all required documentation to compete fairly for jobs. The following processes are to be followed for competitive procurement:

1. Purchases of \$1,000 or less shall be made in a prudent and cost-effective manner. While such purchases may be made without a competitive process, the purchaser should take reasonable measures to be assured s/he is purchasing goods or services at fair market prices.

2. For purchases greater than \$1,000 and up to \$25,000, the purchaser shall either verbally or in writing solicit written quotes from at least three vendors and evaluate those quotes based on appropriate criteria, including without limitation price, quality, and vendor experience. The use of Preferred Vendors shall be considered.
3. For purchases greater than \$25,000 and up to \$50,000, the purchaser shall solicit in writing and obtain written quotes from at least three (3) vendors and evaluate those quotes based on appropriate criteria, including without limitation price, quality, and vendor experience. The use of Preferred Vendors shall be considered.
4. For purchases greater than \$50,000 and up to \$100,000, the purchaser shall solicit, in writing using a formal "request for quote" template, and receive written quotes from at least three (3) vendors shall be required and evaluate those quotes based on appropriate criteria, including without limitation price, quality, and vendor experience.
5. Purchases of over \$100,000 shall be solicited using a formal Request for Proposal (preceded by a Request for Qualifications as prudent). The RFP shall, at a minimum, include the following:
  - a. IPR's substantive contractual requirements, including proposed terms and conditions
  - b. The information that bidders must include in their proposals; and
  - c. The criteria that IPR will use to evaluate proposals and their relative importance.

The RFP (and any request for qualifications as applicable) shall be advertised on IPR's website (and elsewhere as reasonable to effectively solicit the largest number of qualified bids) no less than twenty one (21) calendar days prior to the date on which sealed proposals must be submitted.

IPR should use the following processes to evaluate proposals:

1. Proposals shall be evaluated in accordance with the schedule and procedure set forth in the RFP, with the stated procedure being one of the following:
  - a. IPR will evaluate the proposal(s) according to the selection criteria and award the contract to the highest scoring firm; or

IPR will establish a predetermined competitive points threshold and invite all firms whose proposals scored above that threshold to given an oral presentation and then submit a "best and final offer". The best and final proposals would be evaluated de novo, and the highest scoring proposal would be chosen to negotiate a contract.

If IPR is unable to negotiate a satisfactory contract with the winning bidder, it shall commence negotiations with the next highest scoring bidder, and so forth

until IPR is able to successfully negotiate a contract for the solicited goods or services. IPR will maintain all original and amended proposals and a written record of all such negotiations.

2. RFQs should be managed and evaluated in the same manner as RFPs except that cost is not a factor in the evaluation.
3. RFPs should include procedures to address the possibility that all qualifying proposals exceed the amount of funds allocated for the procurement, including the following available options:
  - a. Reject all proposals received;
  - b. Rework the specifications within the proposal;
  - c. Re-advertise the RFP; or
  - d. Reallocate funds or identifying other funding sources, and reconcile IPR's budget appropriately, to ensure sufficient funds are available to cover the price of the lowest qualifying.

## B. Direct Negotiated Procurement

IPR may forego a competitive process for a direct negotiated procurement in the following cases:

1. Where a Competitive Procurement process failed to attract any qualifying proposals;
2. Where the requirements for the procurement, including past experience, expertise, or other requirements, necessitate the use of a specific company;
3. Where urgent time constraints are present that make undertaking a competitive procurement process impracticable;
4. When there is only one available vendor/service provider;
5. For emergency purchases;
6. For tradeshow/event services for which a set vendor is required as per contractual agreements; or
7. When buying media for advertising and promotion efforts

Before engaging in a direct negotiated procurement where a competitive procurement would otherwise be required, the CEO or corresponding C-Suite Executive shall execute a memorandum that explains the decision in sufficient detail and with sufficient evidence to justify the decision.

### C. Limited Source Bidding

Where prudent based on the circumstances, IPR may utilize a Limited Source Bidding method for procurement. In this case, IPR may directly invite qualified vendors to bid on the good or service being sought.

Before engaging in a limited source bidding procurement where a competitive procurement would otherwise be required, the CEO or corresponding C-Suite Executive shall execute a memorandum that explains the decision in sufficient detail and with sufficient evidence to justify the decision.

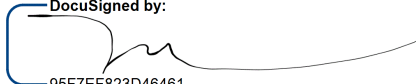
### D. Preferred Vendors

IPR may also develop a standing list of pre-qualified suppliers or consultants ("Preferred Vendors") to choose from for future needs (preferred vendor list).

## VIII. Changes to Procurement Policy

This Procurement Policy has been reviewed and approved by the Board of Directors of IPR. The Board of Directors of IPR must approve any amendment to this Procurement Policy.

Approved on the 10th day of August, 2020.

DocuSigned by:  
  
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Chair, IPR Board of Directors

Manuel Laboy

September 3, 2020 | 2:20 PM PDT

## Transparency & Accountability Policy

### I. Purpose

Invest Puerto Rico, Inc.'s (hereinafter, "IPR" or the "Corporation") principle mission is to promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the Island. IPR values its relationship with its clients, Board of Directors (the "Board"), committees, employees, donors, volunteers and other stakeholders who partner with it to enable the achievement of its mission and recognizes that transparency and accountability build trust and help those relationships flourish. The purpose of this Transparency & Accountability Policy (the "Transparency Policy") is to facilitate the development and implementation of measures by IPR's Board and staff to provide appropriate transparency and accountability to third parties.

### II. Responsibilities

A primary responsibility of the Board is to ensure that IPR is accountable for its programs and finances to its contributors, donors, employees, the public and government regulators. Accountability requires that IPR comply with all applicable laws and ethical standards; adhere to IPR's mission; create and adhere to conflict of interest, ethics, personnel accounting and other policies; prepare and file its annual financial report with the Internal Revenue Service and appropriate state regulatory authorities, among other responsibilities.

The members of the Board shall comply with their fiduciary duties of care and loyalty. The duty of care requires a member of the Board to be familiar with IPR's finances and activities and to participate regularly in its governance. The duty of loyalty requires that a member of the Board always act in the best interest of IPR and that any conflict of interest, real or possible, be disclosed to IPR when they arise. Board members have a duty to ensure that IPR complies with applicable laws and regulations, its mission and its internal governance documents and policies.

IPR's Chief Executive Officer ("CEO") is responsible for ensuring that there are systems and processes in place to capture, record and analyse the information necessary to enable the Board to perform its reporting functions. This includes reporting regularly to the Board on the operations of IPR.

IPR's CEO will also ensure that privacy and other policies are in place to govern the access and use of documents including client records, staff records, member and donor records, and minutes of general meetings, in accordance with the Board's transparency and accountability policy.

Employees and staff are responsible for implementing and adhering to the policies and procedures developed by the CEO.

### **III. Board Reporting Guidelines**

- a. The Board must ensure that it complies with its legal and contractual reporting obligations. The obligations of the Board include, but are not limited to:
  - i. Preparing financial reports as required by law.
  - ii. Preparing an annual report in accordance with the requirements of IPR's By-laws.
  - iii. Reporting to government agencies in accordance with the terms of grants and funding contracts.
  - iv. Reporting to the relevant local and US Government departments, in accordance with the requirements of IPR's not for profit status.
  - v. Reporting to donors in accordance with the terms of any grants issued.
  - vi. Complying with applicable federal, state and local laws and regulations concerning IPR and its operation.
- b. In addition to its specific legal and contractual obligations, the Board will consider each year whether there are any other stakeholder relationships which could benefit from receiving a report from the Board on IPR's activities and performance.
- c. In preparing its reports, the Board will consider the extent to which it can report on each of the following matters:
  - i. The purpose of IPR – This includes explaining the environment in which IPR operates. It includes reporting on IPR's mission and vision and explaining IPR's relevance in the current environment.
  - ii. IPR's stakeholder reporting and engagement - This includes reporting on how stakeholder relationships are managed, how employees and volunteers are recruited, trained, rewarded, retained and recognized, and how the organization is funded.
  - iii. Fundraising and investments - This includes reporting on:
    - a. the source of funds, fundraising and funding targets.
    - b. accountability mechanisms governing the use of the funds.
    - c. assessment of IPR's ability to maintain the current levels of funding in the future, and how its fundraising approach is being evolved or adapted to changes in circumstances.
    - d. investments and management oversight
    - e. movements in the level of funding, particularly where it has fallen in any year.
  - iv. Business strategy and mission - This includes:
    - a. explaining the strategy and structures that enable IPR's to operate and grow.



- b. identifying the priorities and associated budgets and allocation of resources.
  - c. A self-assessment and disclosure of performance and plans to address underperformance and/or ongoing challenges, recognizing that this helps to build trust.
- v. Governance structure and processes - This includes:
  - a. reporting on governance structures, systems, processes and how risk management frameworks are aligned with those structures, systems and processes.
  - b. providing clear diagrams of the organizational structure with reporting lines and key roles identified.
  - c. disclosure of qualifications, experience and length of service of the members of the Board, CEO and senior management.
  - d. reporting on how IPR identifies and manages risks, and what risks are specific to IPR in addition to general risks.
- vi. Activity and performance - This includes reporting on Key Performance Indicators.
- vii. Financial performance and position - This includes reporting on:
  - a. sources of revenue, revenue recognition policies and a discussion and analysis of the factors affecting IPR's financial performance.
  - b. safeguards that IPR employs to ensure that financial transactions are properly authorized, appropriated, executed and recorded.
  - c. financial internal controls and fiscal systems of IPR.
- viii. Asset Management - This includes reporting on:
  - a. the parties responsible for administering investment accounts and assets.
  - b. internal controls for the protection and oversight of charitable assets.
  - c. procedures to monitor and record assets received, held and expended.

#### IV. Public Disclosures

IPR adopts this Transparency Policy with the objective of promoting openness, defining what may be considered public information, and guiding Board members, management and staff on the best approach to manage requests of information. The table below outlines the information to be shared publicly by IPR via its website in [www.investpr.org](http://www.investpr.org):

Type of Information
<b>General Information</b>
Act 13 - 2017
Certificate of Incorporation
By-Laws
Ethics, Governance & Procurement Policies

Governing Board composition
Board Committees composition
<b>Contracts</b>
List of Major Contracts
Requests for Proposals (RFP's)
<b>Sales &amp; Marketing</b>
Promotional Plan Summary
Annual Report
Key Performance Indicators dashboard
Calendar of Events
Press Releases
Videos and Digital Assets
List of Strategic Partners
Research Projects Findings Reports
<b>Human Resources</b>
Organizational Chart with titles
<b>Finance</b>
Annual Budget Summary
Audited Financial Statements

Any information requests that are not approved herein for public disclosure will be evaluated by management taking into consideration the benefit of sharing the information requested versus privacy, strategic, and/or confidentiality considerations. IPR reserves the right to evaluate and, in its sole determination, choose not to fulfill requests it deems to be frivolous, unjustified or inappropriate. Any additional questions can be directed to [info@investpr.org](mailto:info@investpr.org).


#### **V. Clarification / Exceptions to Transparency Policy**

If any person has questions about and/or needs clarification of any aspect of this Transparency Policy, the person should write to [info@investpr.org](mailto:info@investpr.org). Any exceptions to this Transparency Policy may be made only with the permission of the Board.

#### **VI. Changes to Transparency Policy**

This Transparency Policy has been reviewed and approved by the Board. The Board must approve any amendment to this Transparency Policy.

Approved on the 21 day of December, 2020.

DocuSigned by:  
  
 December 23, 2020 | 12:08 PM PST  
 Chair, IPR Board of Directors