

## **INTERNATIONAL FUND FOR ANIMAL WELFARE CONFLICT OF INTEREST POLICY**

### **I. Purpose**

Each director, officer, senior level employee and employee with budgetary management responsibility of International Fund for Animal Welfare (“**IFAW**”) has a duty of loyalty to IFAW and a duty to fulfill his or her responsibilities for IFAW with his or her best care, skill and judgment for the exclusive benefit of IFAW. From time to time, situations may arise that involve a possible conflict between the individual financial interests of a director, officer, senior level employee or budget manager and such individual’s duties to IFAW. The purpose of this Conflict of Interest Policy (the “**Policy**”) is to protect IFAW’s interests by providing guidelines for identifying and managing such conflicts of interest.

### **II. Definitions**

As used in this Policy, the following terms have the following meanings:

A. *Covered Persons*: The following persons are “Covered Persons” under this Policy:

Any Director or Trustee of IFAW or any of its affiliates; any non-Director/Trustee who is a member of any Committee of the Directors/Trustees; any Corporate Officer of IFAW or any of its affiliates, including Chief Executive Officer/President, Chief Financial Officer, Clerk and Assistant Clerk; Chief of Staff; Department Directors; General Counsel; Program Directors; Regional and Country Office Directors; and any personnel with budgetary management responsibility, including under IFAW’s Delegation of Authority guidelines.

B. *Related Person*: With respect to any Covered Person: (1) the spouse, ancestors (including grandparents and parents), children, grandchildren, great grandchildren and siblings of such Covered Person; (2) the spouses/civil partners of the ancestors, children, grandchildren, great grandchildren and siblings of such Covered Person; (3) the business partners of any Covered Person and any person described in Section II.B(2) and II.B(3), and the spouses/civil partners of such business partners; and (4) any entity in which such Covered Person, either alone or together with one or more Related Persons and/or one or more other Covered Persons, owns, directly or indirectly, more than 5% of the beneficial, economic, ownership or voting interests.

C. *Senior Staff*: Any corporate officer of any IFAW entity (including Chief Executive Officer/President, Chief Financial Officer, Clerk and Assistant Clerk), Chief of Staff, Department Directors and General Counsel.

D. *Interest*: Any financial interest, including, without limitation: (i) an ownership interest in a corporation, partnership, joint venture, limited liability company, trust, association or other entity, other than an ownership interest arising solely by reason of investment by a mutual, pension or other institutional investment fund over which the Disqualified Person does not exercise control; (ii) an ownership interest in real or personal property; and (iii)

the receipt of, or the right or expectation to receive, any income, including, without limitation, salaries, consulting fees, other fees for services, rents, royalties, dividends and income from the sale or other transfer of an interest in real or personal property.

- E. *Disqualified Person*: Any Covered Person or any Related Person of a Covered Person who has an Interest with respect to any issue, matter or transaction involving IFAW.

### **III. Disclosure and Procedure for Handling Potential Conflicts of Interest**

A. *Distribution of Policy*. A copy of this Policy shall be provided to each Covered Person at least annually. In addition, a copy of this Policy shall be provided to each Covered Person when such Covered Person first becomes a Covered Person.

B. *Examples of Potential Conflicts of Interest*. A conflict of interest occurs when an individual's private interest (or the interest of a member of his or her family) interferes, or even appears to interfere, with the interests of IFAW as a whole. A conflict of interest can arise when an employee, officer or director (or a member of his or her family) takes actions or has interests that may make it difficult to perform his or her work for IFAW objectively and effectively. Conflicts also arise when an employee, officer or director (or a member of his or her family) receives improper personal benefits as a result of his or her position in IFAW.

C. *Policies to Minimize Risk of Conflicts of Interest*. To assist in minimizing potential conflicts of interest:

1. Expenditures shall not be approved by staff with a financial or familial connection to the outside organization/individual to be paid, and shall not be approved by someone who reports to the connected staff member, but rather must be reviewed and approved by an independent staff member.
2. Independent contractors shall not be directly supervised by IFAW employees to whom they have a financial or familial connection.
3. No Covered Person may participate in the selection, award or administration of a contract supported by a grant of restricted funds (including a government grant) if he or she has a real or apparent conflict of interest, including that the Covered Person or a Related Person has an Interest in or a familial connection with a firm being considered for the contract. No Covered Person may solicit or accept any gratuities, favors or anything of monetary value from contractors. Preferential treatment may not be given to a contractor because of a person's race, ethnic or religious affiliation.

D. *IFAW Procedures for Approval of a Conflict*. Whether or not a conflict of interest exists or will exist can be unclear. Conflicts of interest should be avoided unless specifically authorized. The procedure for approval of a conflict of interest depends on the Covered Person involved:

1. Directors, Non-Director Members of Board Committees and Senior Staff must seek prior approval of potential conflicts of interest from the Board of Directors, following the procedures set out in III.E.

2. Covered Persons other than those listed above in Section III.D.1 who have questions about or became aware of a potential conflict of interest should discuss the matter with, and seek a determination and prior approval from their supervisor. A supervisor may not authorize or approve conflict of interest matters without first providing the General Counsel with a written description of the activity, what steps would be taken to mitigate any potential conflict, and obtaining the General Counsel's written approval. If the supervisor is himself involved in the potential conflict, the matter should instead be discussed directly with the General Counsel.

E. *Board Actions in Response to Possible Conflicts of Interest by Directors, Non-Director Members of Board Committees and Senior Staff:*

1. *Discussion and Voting.* Upon becoming aware of any issue, matter or transaction involving IFAW in which any person described in Section III.D.1 has an Interest, other than a Compensation Arrangement as defined in Section III.E.3 below, the Board of Directors of IFAW shall determine whether it is in the best interests of IFAW to proceed with its involvement in such issue, matter or transaction. The Board of Directors shall consider, among other things, the nature and extent of the Interest of the Disqualified Person and whether IFAW could obtain better terms from a third party who is not a Disqualified Person.

If the relevant Disqualified Person is a member of the Board of Directors, he or she shall not participate in discussions with respect to the issue, matter or transaction, other than to provide factual information as requested by the other Directors. The Board of Directors shall vote on whether to proceed with such issue, matter or transaction; and IFAW shall not engage in such issue, matter or transaction, unless such issue, matter or transaction is approved by at least 75% of the Directors (other than any relevant Disqualified Person who is a Director). If the relevant Disqualified Person is a member of the Board of Directors, he or she may be counted in determining whether a quorum is present, but may not be present during the vote on the issue, matter or transaction and shall not be counted for purposes of determining the number or percentage of Directors who voted with respect to or approved such issue, matter or transaction.

2. *Board Minutes.* The minutes of the meeting of the Board of Directors of IFAW at which any issue, matter or transaction involving any Disqualified Person was discussed and voted upon shall reflect the disclosure made by the relevant Covered Person, the nature of the Interest of the Disqualified Person, the abstention from discussion and voting of any Disqualified Person who is also a Director, the names of the persons who were present for discussion, the contents of the discussion and the votes taken.
3. *Compensation of Disqualified Persons for Service Rendered.* The foregoing procedures shall not apply to compensation for services rendered to IFAW (a "**Compensation Arrangement**") that is paid to a Disqualified Person. Rather, the following procedures shall apply:
  - a. The Board of Directors of IFAW shall approve all Compensation Arrangements with respect to Disqualified Persons, except as set forth in Section III.E.3.d below. If any member of the Board of Directors is a Disqualified Person, is in an

employment relationship subject to the direction or control of the relevant Disqualified Person, otherwise receives compensation or payments subject to the approval of the relevant Disqualified Person, has a material Interest affected by the Compensation Arrangement, or receives economic benefits which have been or will be approved by the relevant Disqualified Person, he or she shall not participate in or be present during the discussion and voting regarding the Compensation Arrangement, other than to provide factual information as requested by the other Directors.

- b. The Board of Directors of IFAW shall obtain and rely upon appropriate data as to the comparability of the Compensation Arrangement prior to making a decision regarding the Compensation Arrangement. Appropriate data include, without limitation, compensation levels paid by similarly situated organizations (both for-profit and non-profit), independent compensation surveys, and written offers from similar institutions competing for the services of the Disqualified Person.
- c. The minutes of the meeting of the Board of Directors of IFAW at which the Compensation Arrangement is discussed and voted upon must be taken contemporaneously with the meeting and must note the terms of the Compensation Arrangement, the members of the Board of Directors who were present, the comparability data obtained and relied upon, and actions taken by any interested members of the Board of Directors. The minutes shall be prepared prior to the next meeting of the Board of Directors and shall be reviewed and approved by the Board of Directors at such meeting.
- d. The Board of Directors may delegate to an appropriate, disinterested committee or individual the responsibility to determine Compensation Arrangements with respect to Disqualified Persons, other than with respect to the Chief Executive Officer. The Board shall provide such committee or individual with instructions as to the procedures to be followed in determining such Compensation Arrangement.

F. *Annual Disclosure.*

1. Each Covered Person shall annually complete, sign and submit to the General Counsel a statement, on a form provided by IFAW, which (A) confirms that such Covered Person has received and reviewed a copy of this Policy and (B) discloses the following: (i) any issue, matter or transaction involving IFAW in which such Covered Person or any Related Person of such Covered Person has an Interest; (ii) any positions as a director, governing board member or officer of other organizations, both for-profit and non-profit, held by such Covered Person; (iii) any firms or businesses that provided goods or services to IFAW in which such Covered Person or any Related Person of such Covered Person has an Interest; (iv) any other situations in which such Covered Person or any Related Person of such Covered Person is involved that could give rise to a conflict of interest with respect to IFAW; and (v) any other matters that IFAW may reasonably request.
2. The COI questionnaire (the “**Questionnaire**”) is to be issued to all Covered Persons on an annual basis in March or April by the General Counsel. The Policy is to be given to all

newly hired Covered Persons as a part of their orientation, and all newly hired Covered Persons must complete the Questionnaire promptly after beginning employment. The General Counsel may enlist the help of the Human Resources Department in obtaining the Questionnaire responses of new employees, but ultimate responsibility for keeping the Questionnaire responses current will rest with the General Counsel.

3. On no less than an annual basis, the General Counsel and the AROC will review the results of the Questionnaire. In particular, the General Counsel will produce a report for the AROC that covers the areas that create risk of conflict. This includes but is not limited to: (a) leadership affiliations of respondents that might test the “duty of loyalty” and (b) IFAW operations that involve hiring of related individuals or awarding of grants/contracts to entities with relationships to individuals connected to IFAW. For purposes of reporting to the AROC, in order to ensure a focus on significant issues, the General Counsel shall not include expenditures of less than US\$5,000 unless there is particular reason for concern.
4. After review by the AROC, the report will be presented to the Board of Directors for review during its meeting in June.

G. *Employee Duty of Disclosure.* In addition to providing the annual disclosure described above, each Covered Person has an ongoing duty promptly to disclose to the General Counsel the existence and nature of any Interest of such Covered Person or any Related Person of such Covered Person in any issue, matter or transaction involving IFAW.

H. *Failure to Disclose.* The failure of any Covered Person to disclose any such Interest of which such Covered Person has actual knowledge shall be grounds for disciplinary action.

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Approved by Board of Directors: February 9, 2017