

Affirmation of Standards of Board Responsibilities and Disclosure of Conflict of Interest:

The Animal Welfare Association Inc. (AWA) is a New Jersey non profit organization under Internal Revenue Code §501(c)(3). Directors of the AWA are Directors of the corporation and under New Jersey law are bound by the general duty to act in accordance with good faith judgment of the best interest of the corporation. Directors have well established legal duties to the corporation.

Duty of Confidentiality:

One of these duties is the duty to hold every Director to matters pertaining to the AWA in the strictest confidence except as specifically authorized for disclosure by the AWA.

Duty to Disclose Potential Conflicts of Interest

In accordance with Sarbanes/Oxley, the AWA's Potential Conflict of Interest Policy is:

1. **Duty to Disclose.** Any director, officer, or key employee must promptly disclose to the Board the existence of a Financial Interest (direct or indirect) in a proposed or existing transaction or arrangement involving the AWA as well as material facts surrounding the proposed or existing transaction or arrangement.
2. **Determining Whether a Conflict of Interest Exists.**
 - A) **Presentation at the Board Meeting.** At the meeting the Director, officer, or key employee may present to the board the material facts surrounding the Financial Interest and the actual or potential conflict of interest.
 - B) **Appointment of Disinterested Person(s).** The Board may, in its sole and absolute discretion, appoint a neutral third party to investigate reasonable alternatives to the proposed transaction or arrangement.
 - C) **Determination as to More Advantageous Transaction.** After exercising reasonable diligence with respect to the investigation of, and determination as to, the potential conflict of interest at issue, the Board shall determine whether the AWA can obtain with reasonable efforts a more advantageous transaction or arrangement from a person, entity, or organization that would not give rise to a conflict of interest.
 - D) **Lack of Alternative Not Raising a Conflict of Interest.** If the Board determines that a more advantageous transaction or arrangement is not reasonably available under circumstances not producing a conflict of interest, the Board shall determine by majority vote of the members thereof (a) whether the transaction or arrangement is in the AWA's best interest, for the sole benefit of the AWA and whether it is fair and reasonable under the circumstances; and (b) whether to enter into the transaction or arrangement.
3. **Violations of the Policy.** If the Board has reasonable cause to believe that a Director, officer, or key staff member failed to disclose actual or potential conflicts of interest or a Financial Interest, or failed to disclose all material facts surrounding such actual or

potential conflict of interest, the Board shall (a) inform the interested party and provide time for him/her to explain the alleged failure to disclose; (b) take into account the facts and information provided and by majority vote determine if conflict exists and (c) determine if any disciplinary action is required.

4. All disclosures and investigations will be part of the Board minutes.

This Policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to nonprofit organizations. It is designed to provide guidance to the AWA for the resolution of potential conflict of interest issues that may arise from time to time in the conduct of the AWA's operations.

As recommended by our auditor, Donna Fox, please review and sign that you received this policy.

I _____ received and reviewed AWA's Conflict of Interest policy on _____.