

Adopted 1-27-12

**JOINT VENTURE POLICY
OF
PROTECTION AND EDUCATION RE: ANIMALS,
CULTURE AND THE ENVIRONMENT, INC.**

The purpose of this Joint Venture Policy (the "Policy") shall be to document the Corporation's position and procedures in regards to entering joint ventures with taxable entities. For purposes of this Policy, a "joint venture" includes, but is not limited to, any joint ownership or contractual arrangement with a taxable entity, such as:

- Forming, investing in or contributing assets to, or becoming an owner or member of, a partnership, limited liability company, limited partnership, limited liability partnership, or similar legal entity; or
- Executing a contract to jointly undertake a specific business enterprise, investment or activity, particularly if the contract involves the sharing of revenue between the parties.

Participation in entities or ventures that meet both of the following conditions shall not be treated as "joint ventures" for purposes of this Policy:

- 95% or more of the income is derived from passive income sources as described in Section 512(b)(1)-(5) of the Internal Revenue Code of 1986, as amended ("Code"), (e.g., dividends, interest, royalties, rents, and gains or losses from the sale of investments or inventory), including unrelated debt-financed income; and
- The Corporation's primary purpose for contribution to, or investment or participation in, the entity or venture is the production of income or appreciation of property.

The Corporation hereby adopts the following principles in relation to its participation in joint ventures:

- The Corporation shall not enter into any joint venture arrangement without the express written approval of its Board of Directors;
- The Corporation's assets must, at all times, be devoted to charitable purposes within the meaning of Code Section 501(c)(3), and the Corporation may not enter any joint venture that threatens or jeopardizes the Corporation's charitable purposes or assets;
- If the Corporation enters a joint venture with an unrelated organization, then the relationship must be negotiated at arms' length and must reflect terms that are equal to (or more favorable to the Corporation than) fair market value;

- Prior to entering any joint venture, the Corporation shall consider (a) whether the joint venture will generate unrelated business income for the Corporation, within the meaning of Code Section 512(a)(1), and (b) whether the joint venture will result in private use for purposes of the Corporation's outstanding bonds, within the meaning of Code Section 141(b);
- Prior to entering any joint venture, the Corporation shall ensure that the documentation includes the following terms:
 - The Corporation shall retain sufficient control over the joint venture to ensure that it furthers the tax-exempt purpose of the Corporation,
 - The joint venture must assure that the Corporation's tax-exempt purposes override the profit motives of the other participants, and
 - The joint venture shall not engage in activities that would jeopardize the Corporation's tax-exempt status (e.g., political intervention, substantial lobbying, etc.); and
- The Corporation's Board of Directors may waive any requirement of this Policy upon advice from its legal counsel that the waiver will not threaten or jeopardize the Corporation's charitable purposes or assets.