

## **A. INTRODUCTION**

Sister Cities International, Inc. (the “Corporation”) is committed to the highest standards of ethical and legal behavior. Nothing is more important to this Corporation than the trustworthiness and integrity of its directors, officers and employees (each, a “Responsible Person”). Each Responsible Person is expected to conduct the business of the Corporation in a manner that demonstrates a commitment to the highest standards of integrity.

While no code of ethics can replace the thoughtful behavior of an ethical person, the purpose of this Code is: (a) to provide guidance to help Responsible Persons recognize and deal with ethical issues, (b) to provide mechanisms for the reporting of unethical conduct, and (c) to help foster a culture of honesty and accountability. Dishonest, unethical or illegal conduct will constitute a violation of this Code, regardless of whether such conduct is specifically referenced herein.

This Code has been adopted by the Board of Directors of the Corporation and contains specific ethical standards that apply to every Responsible Person. The Board annually designates a compliance officer (the “Compliance Officer”) for the implementation and administration of the Code. Questions regarding the application or interpretation of the Code are inevitable. Responsible Persons are expected to direct questions to the Compliance Officer.

### **Reporting Violations of the Code of Ethics**

Any Responsible Person who observes, learns of, or, in good faith, suspects a violation of the Code, must immediately report the violation to the Compliance Officer or the Chair of the Board of Directors. Reported violations will be investigated and addressed promptly and will be treated confidentially to the extent possible. A violation of the Code may result in disciplinary action, up to and including termination of employment or service with the Corporation.

### **Waivers of the Code of Ethics**

Requests for a waiver of a provision of the Code must be submitted in writing to the Compliance Officer for appropriate review. For conduct involving an officer or director, only the Board of Directors or the Audit Committee of the Board has the authority to waive a provision of the Code. In the event of an approved waiver involving the conduct of an officer or director, appropriate and prompt disclosure must be made to the Corporation’s members.

## **B. VIOLATIONS OF LAW**

A variety of laws apply to the Corporation and its operations, and some carry criminal penalties. Examples of criminal violations of the law include, but are by no means limited to: stealing, misapplying corporate funds, and bribing political candidates, government officials or businesses in connection with any of the Corporation’s activities. The Corporation must report all suspected criminal violations to the appropriate authorities and will investigate, address and report, as appropriate, non-criminal violations.

## **C. CONFLICTS OF INTEREST**

Generally speaking, a conflict of interest occurs when a personal interest of a Responsible Person, or a personal interest of a member of his or her household or immediate family, interferes with, has the potential to interfere with, or appears to interfere with, the interests of the Corporation. Because a conflict of interest can occur in a variety of situations, you must keep the foregoing general principle in mind in evaluating both your conduct and that of others.

## Outside Activities/Employment

No outside activity, including employment, should adversely affect the quality or quantity of a Responsible Person's work for the Corporation, make use of corporate equipment, facilities or supplies, or imply, without the prior written approval of the Compliance Officer or the President, the Corporation's sponsorship or support of such activity.

No Responsible Person may compete with the Corporation or take for himself or herself, or members of his or her household or family, business opportunities that belong to the Corporation and that are discovered or made known to such Responsible Person by virtue of his or her position at the Corporation.

From time to time, Responsible Persons may be invited by the Corporation to travel to attend meetings or other business-related functions as representatives of the Corporation. If a Responsible Person travels to such a meeting or business-related function and all or any part of his or her expenses relating to attendance (e.g., transportation, meals, accommodations or conference or similar fees) are paid or reimbursed by the Corporation or by a third party because of the Responsible Person's relationship to the Corporation, the Responsible Person must ensure that (a) he or she attends the meetings or other business-related functions that were the purpose of the trip and (b) that outside activities and meetings that are unrelated to the Corporation's business do not interfere with the Responsible Person's obligations to represent the Corporation at such meetings or other business-related functions.

## Relationships with, or Interests in, Competitors or Business Partners

You may not use your position at the Corporation to benefit yourself, your relatives, your friends or your private enterprises. As a Responsible Person, you may not have an interest in any business or property, or an obligation to any person that could affect your judgment in fulfilling your responsibilities to the Corporation. You are expected to refrain from any activity or investment that constitutes, or could appear to constitute, a conflict of interest. For example, you may not have a substantial holding in, or a professional affiliation with, an entity with which the Corporation competes or does business.

You cannot allow business associates to improperly influence decisions you make on behalf of the Corporation. Neither you nor any member of your household or immediate family may solicit or accept from a business partner money or a gift that is, or could appear to be, connected with the Corporation's business relationship with that entity. Gifts include not only material goods, but also services, promotional premiums or discounts on personal purchases of goods or services. You may, however, accept advertising or token items of nominal value (under \$100) from a supplier or business associate. Gifts received that have a value in excess of \$100 must be reported to the Compliance Officer. In international situations where turning down a gift with a value in excess of \$100 would be culturally discourteous, the gift may be accepted on behalf of the Corporation but must be immediately reported to[, and, where practicable, turned over to,] the Compliance Officer.

Invitations to social events, luncheons or other business-related events are to be evaluated individually on their merit as a business activity. If there are sound business reasons for accepting, you may do so with the prior consent of the Compliance Officer.

## Civic/Political Activities

You are encouraged to participate in civic, charitable or political activities so long as such activities do not involve the Corporation, its assets or facilities and do not create an appearance of Corporation involvement or endorsement.

## Loans to Employees

The Corporation will not make loans or extend credit guarantees to, or for the personal benefit of, Responsible Persons or members of their households or immediate family.

## Fundraising Practices

Responsible Persons will provide truthful and current information in any communications soliciting donations and will expend donated funds consistent with donor intent. Donations will not be sought or accepted from any donor where such a donation would compromise the integrity or image of the Corporation or its mission.

## **D. Fair Dealing**

Each Responsible Person must deal fairly and in good faith with the Corporation's members, donors, regulators, business partners and others in all activities relating to the Corporation. No Responsible Person may take advantage of anyone through manipulation, misrepresentation, threats, fraud, abuse of confidential information or other unfair or unethical conduct.

## **E. Employment Practices**

The Corporation is committed to a policy of equal opportunity, which prohibits discrimination or harassment of any type. It is the Corporation's policy and practice that all employees be provided fair and equitable treatment. It is also our policy and practice to employ individuals strictly on the basis of their qualifications for Corporation work.

The Corporation has no prohibition against the hiring of relatives of employees. However, a family member or other significant personal relationship may not influence decisions regarding hiring. No employee shall be in a position in which a relative or other such relationship can influence such employee's promotion or compensation.

## **F. Proper Use of Corporation Assets**

The personal use of Corporation assets, without the prior written approval of the Compliance Officer or the President, is prohibited. Corporation assets, such as information, materials, supplies, intellectual property, facilities, software and other assets owned or leased by the Corporation, or that are otherwise in the Corporation's possession, may be used only for legitimate Corporation business purposes. No Corporation asset may be destroyed or materially altered without the prior written approval of the Compliance Officer or the President.

## **G. Non-Retaliation Policy**

Under no circumstances will any Responsible Person be subject to any disciplinary or retaliatory action for filing a report of a violation or potential violation of this Code.

## **H. Handling of Financial Information**

The Corporation requires that all Responsible Persons who participate in the preparation of any part of the Corporation's financial statements must follow these guidelines:

- Act with honesty and integrity, in good faith, responsibly, and with due care, competence and diligence.
- Disclose to the Compliance Officer any material transaction or relationship that reasonably could be expected to give rise to any violations of this Code.
- Record, or provide the Corporation's other employees, consultants and advisors with, information that is, to the best of your knowledge, accurate, complete, objective, relevant, timely and understandable.

- Comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.
- Respect the confidentiality of information acquired in the course of your work except where you have the prior written approval of the Compliance Officer or the President or where disclosure is otherwise legally mandated. Confidential information acquired in the course of your work must not be used for personal advantage or gain.
- Proactively promote ethical behavior among peers in your work environment.

### **I. Addendum**

- a. Unless otherwise approved by the Chair of the Board in writing, each Responsible Person shall use his or her official Sister Cities International title and/or make any representation that he or she is an officer, employee or Board member of Sister Cities International only in connection with an authorized action and/or representation being made on behalf of Sister Cities International. To avoid any possible appearance that one's personal or professional activities are connected to, or endorsed by, Sister Cities International, officers, Responsible Persons are prohibited from adding references to their outside business activities in any letter, brochure, memorandum, speech, presentation or other communication in which the person mentions his or her position at Sister Cities International. This limitation shall not apply to official biographies, resumes or other narratives that provide a description of such person's involvement in Sister Cities International and where the clear intent of the narrative is other than to associate one's position in Sister Cities International with one's other personal and professional activities.
- b. Each Responsible Person must disclose in writing to the Chair of the Board and the Compliance Officer both within 45 days after the adoption of this policy (or for new Responsible Persons, within 45 days following the commencement of their employment with the Corporation or their election to the Board, as applicable) and annually, within 45 days of the start of the Corporation's fiscal year the information required by the "Annual Business Disclosure Form", a sample of which is attached to this Code.