

**SISTER CITIES INTERNATIONAL, INC.**

**Code of Ethics for Directors, Officers and Employees**

## **I. 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 director, officer and employee of the Corporation is responsible for conducting the Corporation’s business in a manner that demonstrates a commitment to the highest standards of integrity. No Code of Ethics can replace the thoughtful behavior of an ethical person.

The purpose of this Code is to focus directors, officers and employees on areas of ethical risk, provide guidance to help directors, officers and employees recognize and deal with ethical issues, provide mechanisms for directors, officers and employees to report unethical conduct, and foster among directors, officers and employees a culture of honesty and accountability. Dishonest or unethical conduct or conduct that is illegal 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 to apply to the every director, officer and employee of the Corporation.

The Corporation’s Board of Directors is ultimately responsible for the implementation of the Code. 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. Directors, officers and employees should feel free to direct questions to the Compliance Officer.

### Reporting Violations of the Code of Ethics

Any 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 President. 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.

Statements in the Code to the effect that certain actions may be taken only with “Corporation approval” will be interpreted to mean that the Compliance Officer or the President must give prior written approval before the proposed action may be undertaken.

## **II. 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: stealing, embezzling, misapplying corporate or bank funds, using threats, physical force or other unauthorized means to collect money; making a payment for an expressed purpose on the Corporation's behalf to an individual who intends to use it for a different purpose; or making payments, whether corporate or personal, of cash or other items of value that are intended to influence the judgment or actions of political candidates, government officials or businesses in connection with any of the Corporation's activities. The Corporation must and will report all suspected criminal violations to the appropriate authorities for possible prosecution and will investigate, address and report, as appropriate, non-criminal violations.

## **III. Conflicts of Interest**

A conflict of interest can occur or appear to occur in a wide variety of situations. Generally speaking a conflict of interest occurs when a director, officer or employee or such person's immediate family's personal interest interferes with, has the potential to interfere with, or appears to interfere with the interests or business of the Corporation. For example, a conflict of interest could arise that makes it difficult for a director, officer or employee to perform his or her corporate duties objectively and effectively where he or she is involved in a competing interest. Another such conflict may occur where a director, officer or employee or a family member receives a gift,<sup>1</sup> a unique advantage or an improper personal benefit as a result of the person's position at 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

Any outside activity, including employment, should not encroach on the time and attention employees devote to their duties, should not adversely affect the quality or quantity of their work, and should not make use of corporate equipment, facilities or supplies, or imply (without the Corporation's approval), the Corporation's sponsorship or support. In addition, under no circumstances are directors, officers and employees permitted to compete with the Corporation or take for themselves, or their family members, business opportunities that belong to the Corporation that are discovered or made available by virtue of their positions at the Corporation.

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

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<sup>1</sup> Acceptance of gifts in the nature of a memento, e.g. a conference gift or other inconsequential gift, valued at less than one hundred dollars (\$100) is permitted.

As a director, officer or employee, 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. Accordingly, you are expected to refrain from any activity or investment that constitutes, or might appear to constitute, a conflict of interest. For example, you may not have a substantial holding in, or a professional affiliation with, a company with which the Corporation does business or with which the Corporation competes. You may not use your position at the Corporation to benefit yourself, your relatives, your friends or your private enterprises.

Neither you nor any member of your family may solicit or accept from a business partner money or a gift that is, or could be reasonably construed 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 cannot allow business associates to improperly influence your business decisions. You may accept advertising or token items of nominal value (under \$25) from a supplier or business associate, but gifts of greater value must be reported to the Compliance Officer.

Invitations to social events, working 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 knowledge and consent of the Compliance Officer.

#### Civic/Political Activities

Directors, officers and employees are encouraged to participate in civic, charitable or political activities so long as such activities are to be conducted in a manner that does not involve the Corporation or its assets or facilities and does 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, directors, officers or employees.

### **IV. Fair Dealing**

Each director, officer or employee should deal fairly and in good faith with the Corporation's members, regulators, business partners and others. No director, officer or employee may take unfair advantage of anyone through manipulation, misrepresentation, inappropriate threats, fraud, abuse of confidential information or other related conduct.

### **V. Employment Practices**

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. We believe in the fair and equitable treatment of the individual. In this regard, we are committed to a policy of equal opportunity which prohibits

discrimination or harassment of any type. 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. In addition, no employee shall be supervised or in a position in which a relative or other such relationship can influence progress.

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

Corporation assets, such as information, materials, supplies, time, 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 business purposes. The personal use of Corporation assets, without Corporation approval, is prohibited. No item of Corporation property may be destroyed or materially altered without permission.

## **VII. Non-Retaliation Policy**

Under no circumstances will any director, officer or employee be subject to any disciplinary or retaliatory action for filing a report of a violation or potential violation of this Code.

## **VIII. Handling of Financial Information**

The Corporation expects that all directors, officers and employees who participate in the preparation of any part of the Corporation's financial statements follow these guidelines:

- Act with honesty and integrity, avoiding violations of the Code, including actual or apparent conflicts of interest with the Corporation in personal and professional relationships.
- Disclose to the Compliance Officer any material transaction or relationship that reasonably could be expected to give rise to any violations of the code, including actual or apparent conflicts of interest with the Corporation.
- Provide the Corporation's other employees, consultants and advisors with information that is 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.
- Act in good faith, responsibly, and with due care, competence and diligence, without misrepresenting material facts or allowing your independent judgment to be subordinated.
- Respect the confidentiality of information acquired in the course of your work except where you have Corporation approval or where disclosure is otherwise legally mandated. Confidential information acquired in the course of your work will not be used for personal advantage.

- Proactively promote ethical behavior among peers in your work environment.
- Achieve responsible use of and control over all assets and resources employed or entrusted to you.
- Record or participate in the recording of entries in the Corporation's books and records that are accurate to the best of your knowledge.

The foregoing are statements of mandatory conduct.

## **IX. Addendum**

A) Unless otherwise approved by the President in writing, any officer, staff member or Board member shall use his or her official Sister Cities International title and/or make any representation that he or she is an officer, staff member or Board member of Sister Cities International only in connection with any 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, staff members and Board members 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. It would be a clear violation of this policy if an officer, staff member or Board member writes a letter to a business partner or customer stating that he or she is a representative of a business interest and also an officer, staff member or Board member of Sister Cities International. For example, an officer, staff member or Board member may not sign a letter "[Officer Title] of Sister Cities International and [Officer Title] of XYZ Corporation." For the avoidance of doubt, 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 not to associate one's position in Sister Cities International with one's other personal and professional activities.

B) Each officer, staff member and Board member must disclose in writing to the President and the Ethics Compliance Officer all companies and organizations where they are employed, have at least a 5% ownership interest and/or serve as an officer. The disclosure of membership in other non-profit organizations is not required. Disclosure must be made within 45 days after the adoption of this policy. For new Board members, this requirement must be met within 45 days following their election to the Board.

## Annual Business Disclosure Form

NO, I am not employed, do not have at least a 5% ownership interest and do not serve as an officer in any companies or organizations other than Sister Cities International or another non-profit.

YES, I am employed, have at least a 5% ownership interest and/or serve as an officer in a company or organization other than Sister Cities International or another non-profit.

IF YES, please list all companies or organizations where you are employed, have at least a 5% ownership interest and/or serve as an officer. **For each company or organization, please provide the following information:**

Full name	Current address	Place of incorporation or formation	Brief description of the activities	Brief description of the current nature of your relationship with (including any official titles)

I hereby certify that this information is accurate and complete.

Adopted: March 8, 2003

Amended: July 27, 2005

I have received and read the foregoing policy statement (Code of Ethics for Directors, Officers and Employees of Sister Cities International, Inc.) and fully understand the facts regarding any possible question of violation. (This Code is in addition to the Employed Staff Conflict of Interest Statement found in the Personnel Policies Manual. Where any conflicts exist, this Code of Ethics supersedes any previous materials.)

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Name:

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Signature:

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Date: