



Cities of Peace, Inc. Sanctions Compliance Policy **Updated July, 29, 2021**

Introduction

The policy and commitment of Cities of Peace, Inc., with its program International Cities of Peace (ICP hereafter), is that all volunteers, officers, directors and agents of the Company must comply fully with all applicable laws and regulations governing economic sanctions and export controls as administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of Commerce's Bureau of Industry and Security and Census Bureau, the United Kingdom Export Control Organization, the United Kingdom Office of Financial Sanctions Implementation, the Canadian Trade Controls Bureau, the Canadian Minister of Foreign Affairs, as well as similar laws and regulations in other jurisdictions.

It is the responsibility of all directors, officers, employees, volunteers, and agents to keep up to date on changes and additions made to the OFAC Laws. If anyone or entity become aware of any violations of this Compliance Policy, you must report such violations to the Board of Directors of Cities of Peace, Inc. and in accordance with the reporting procedures outlined in the Dept. of Treasury Compliance Guidelines.

Context of the Cities of Peace, Inc. Sanctions Compliance Policy

Cities of Peace, Inc. is committed to adhering to the economic sanctions laws and regulations administered by OFAC ("OFAC Laws") and the economic sanctions laws and regulations that apply to our operations in the other countries.

- Cities of Peace, Inc. is an association of Cities of Peace around the world. In 2017, Cities of Peace achieved Special Consultative Status with the United Nations.
- As a nonprofit association, Cities of Peace, Inc. is a member organization without fees or exchange of monetary or in-kind transactions. Each member organization is self-established and engaged in independent peace activities. Cities of Peace does not direct such peace activities and has one essential requirement: that all actions promote nonviolence.
- Cities of Peace, Inc. defines peace as the Consensus Values of Peace: Safety, Prosperity, and Quality of Life for all in the world (see Creative Commons Copyright).
- Cities of Peace, Inc. currently has no employees, only volunteers on its central staff and Board of Directors. No volunteer is compensated financially by a salary or other standard commissions. The books and bookkeeping are public record.

- Cities of Peace, Inc. has no products or services for sale or lease and there are no monetary transactions between the central organization and any member City of Peace. The organization's City-to-City Program encourages individual Cities of Peace to consider engaging in communication with other peacemakers in other communities and also to consider two-way levels of support if agreed to by both independent parties. The central organization of Cities of Peace, Inc. is specifically not responsible and does not participate in any City-to-City programs.
- Regarding boycotts, it is not the policy of Cities of Peace, Inc. to recommend boycott initiatives directed at any country, but rather to encourage a cross-culture of peace.
- Cities of Peace, Inc. encourages all individuals within all countries of the world to engage in self-directed activities that promote a Culture of Peace, as outlined in the UNESCO Culture of Peace Resolutions (UN Resolutions A/RES/52/13 : Culture of Peace and A/RES/53/243, "Declaration and Programme of Action on a Culture of Peace").

Background Information

OFAC administers economic sanctions against targeted non-U.S. countries, organizations, and individuals. OFAC Laws related to its sanctions programs can be found in a series of Presidential executive orders, statutes, and regulations. Sanctions, or restrictions, are imposed based on U.S. foreign policy and national security concerns. Many of the sanctions are based on United Nations and other international mandates.

The OFAC Laws can involve prohibiting unlicensed trade, blocking assets, prohibiting certain types of unlicensed commercial and financial transactions, or a combination of these measures.

Designated Nationals ("SDN") and Blocked Persons ("SDN List")

The **SDN List** and OFAC guidance are available on the OFAC website at <http://www.ustreas.gov/offices/enforcement/ofac/>.

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The regulations generally prohibit a U.S. Person from "approving," "facilitating," participating in, financing or guaranteeing a transaction involving a person or entity on the SDN List, the EO 13599 List or who is otherwise the target of the OFAC Laws and regulations and from taking any action to evade or avoid OFAC Laws.



Cities of Peace, Inc. Sanctions Compliance Program

OFAC strongly encourages organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States, U.S. persons, or using U.S.-origin goods or services, to employ a risk-based approach to sanctions compliance by developing, implementing, and routinely updating a sanctions compliance program (SCP). While each risk-based SCP will vary depending on a variety of factors—including the company’s size and sophistication, products and services, customers and counterparties, and geographic locations—each program should be predicated on and incorporate at least five essential components of compliance: (1) management commitment; (2) risk assessment; (3) internal controls; (4) testing and auditing; and (5) training.

1. **Senior Management Commitment:** The board of directors, executives and senior management set the tone for the rest of the company, and their commitment to, and support of, an organization’s compliance program is essential for a successful program.
2. **Tailored Risk Assessment:** Risk-based compliance programs will vary depending on a variety of factors – including the company’s size and sophistication, products and services, customers and counterparties, and geographic locations. The starting point for determining whether a compliance program has been well-designed requires an understanding of how the organization has identified, assessed, and defined its risk profile. Cities of Peace, Inc. does not engage in monetary or other financial transactions with any country, including those under sanctions.
3. **Targeted Internal Controls:** Internal controls include policies and procedures targeted towards identifying, interdicting, escalating, monitoring, reporting as appropriate, and keeping records pertaining to the matters covered by the compliance program. Cities of Peace, Inc. requires all parties to report any potential infractions and elevate questions.
4. **Testing:** Comprehensive, independent, and objecting testing or auditing help ensure that Cities of Peace, Inc. volunteers are aware of how this compliance program is updated, enhanced, or revised to account for a changing risk assessment.
5. **Auditing and Training:** Cities of Peace, Inc. will endeavor to provide job-specific knowledge, adequate information and periodic instruction to relevant employees, directors and officers.

Assurance of Compliance

All board members or executives sign an acknowledgement and compliance of the policy annually. Also annually, the designated compliance officer will ensure Board annual training; monitor and document risk assessment, and supervise an audit by a committee of three board members.

These suggestions will ensure that Cities of Peace, Inc. meets the 5 areas in the compliance:

- (1) management commitment (signing and acknowledging compliance by all senior members of the board/executives)
- (2) risk assessment (the compliance officer goes through and documents results of a risk assessment checklist)
- (3) internal controls (documentation, training, & auditing)
- (4) testing & auditing (I'm not sure about testing, but the annual audit should suffice)
- (5) training (we need to train at least annually and document the training)

Record Retention

Cities of Peace, Inc. will comply with the retention requirements for all records compiled and maintained in accordance with the Sanctions Laws and export control laws. All documents required to be maintained under U.S. OFAC Laws and export control laws must be maintained for a minimum of five (5) years. Other jurisdictions may impose longer records retention periods.

Compliance Officer

The Company's Compliance Officer(s) will be responsible for overseeing the coordination and monitoring of this Compliance Policy. The Compliance Officer(s) will be responsible for overseeing all aspects of the Company's adherence to applicable Sanctions Laws and export control laws and implementing regulations. If a Compliance Officer is not designated, the Chair of the Board shall take responsibility.

Annual Review

Internal audits of this Sanctions Compliance Policy must take place at least annually.

Who to Contact with Questions

Contact the Cities of Peace, Inc. Compliance Officer at the email below.



Approval of Sanctions Compliance Policy, 2021

Directors shall send communication to the Chair of the Board of Directors acknowledging by email that they have received a copy of the Cities of Peace, Inc. Sanctions Compliance Policy and have responded by email with agreement to its principles.

ICPcompliance@internationalcitiesofpeace.org

This Policy was written and submitted to the Cities of Peace, Inc. Board of Directors by the Chair of the Board, Mr. J. Frederick Arment after review by Mr. Lonnie Franks, Compliance Officer. The Policy was approved by the Board of Directors, 2021.

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