



Sanctions Screening Policy and Procedures

Policy Number		Version	
Drafted by	J Akhtar	Approved by Board on	
Responsible person	Board of Trustees	Scheduled Date for Review	

Contents

Section 1: Introduction

Section 2: Purpose and Scope of Policy and Procedures

Section 3: Overview of Sanctions

Section 4: Human Appeal Risk Profile

Section 5: Human Appeal Compliance Leadership

Section 6: Global Sanctions

Section 7: Sanctions Screening Procedures

Section 8: Mandatory Compliance Training

Section 9: Document Retention Policy

Section 10: Possible Violations, Internal Investigations, and Self-Reporting

Section 11: Procedure Governance



Sanctions Screening Policy and Procedures

Section 1: Introduction

Human Appeal is committed to compliance with relevant economic and trade sanctions laws in all jurisdictions in which it operates through the identification, mitigation and management of risk. To accomplish this, Human Appeal has implemented policies and procedures reasonably designed to comply with applicable economic sanctions requirements. The organisation recognizes that failure to comply with relevant sanctions laws or failure to prevent or manage risk may constitute a breach of legal and/or regulatory requirements, and also represent a failure to abide by broader community expectations and could carry significant reputational damage, legal and regulatory action, and financial loss.

Sanctions can take the form of any of a range of restrictive or coercive measures. Human Appeal's primary concern is ensuring that the organisation's activities do not inure to the benefit of parties who have been targeted for sanctions, unless an exemption, license, or other authorisation exists that allows for any transaction with that party to occur. The organisation acknowledges that violations can occur from the direct and indirect provision of services, as well as through processing payments in US dollars, where a sanctioned jurisdiction or party is present.

Sanctions require strict compliance. Parties in violation of any obligation under a relevant and applicable sanctions prohibition will generally be considered in violation regardless of intent. The nature of these laws generally means that the obligation to comply with an applicable sanctions prohibition arises the moment that the restriction goes into effect, or a party targeted by sanctions, and with whom transactions are prohibited, is identified. In other words, timing of sanctions implementation is a consistent and ongoing function. As such, a robust and proportionate response to sanctions compliance is required. The consequences for violating applicable sanctions are covered in those authorities that may be ultimately breached if compliance is not maintained.

The application of Human Appeal's sanctions policy and procedures focuses on implementing appropriate systems and controls to identify persons and transactions that are subject to sanctions, given the organisation's assessment of the likelihood of dealing with such persons and



Sanctions Screening Policy and Procedures

associated risk of breaching its obligations. This may involve enhanced due diligence procedures with respect to staff, volunteers, contractors, donors, partners, and payments made in US dollars.

Human Appeal is leveraging technology, in the form of screening software, to further its compliance efforts. The organisation will not, however, rely on technology alone, and will utilize additional methods to achieve compliance through the assistance of trained staff at its branches and field offices. All efforts are tailored to ensure that they are proportionate to the nature and size of Human Appeal's operations and are likely to identify all true matches of potential sanctions concern.

Section 2: Purpose and Scope of Policy and Procedures

Human Appeal's Sanctions Screening Policy and Procedures establish the minimum expectations of risk management and compliance with its sanctions obligations and sets out the organisation's approach including:

- i. Guidance concerning the meaning of sanctions and compliance with sanctions through specific procedures;
- ii. Principles and measures that Human Appeal follows to comply with sanctions legislation, rules, and regulations, and to identify, mitigate and manage sanctions risks in the jurisdictions in which it transacts; and
- iii. Consequences of failing to comply with the organisation's sanctions screening policy and procedures.

These policies and procedures apply to all Human Appeal branches and field offices wherever located. Human Appeal staff, volunteers, contractors, and partners are expected to review these policies and procedures and ensure that they are carried out effectively.



Sanctions Screening Policy and Procedures

Section 3: Overview of Sanctions

Sanctions are tools used by governments, international organisations (such as the United Nations) and supranational bodies (such as the European Union) to:

- i. Limit the adverse consequences of a situation of international concern (for example, by denying access to military or paramilitary goods, or to goods, technologies or funding that are enabling the pursuit of programs such as the proliferation of weapons of mass destruction);
- ii. Seek to influence those responsible for giving rise to a situation of international concern to modify their behavior (by motivating them to adopt different policies); and
- iii. Penalize those responsible for violating sanctions (for example, by denying access to international travel or to the international financial system).

Sanctions are intended to deter a range of activities, including providing safe sanctuary for international criminals (such as terrorists), nuclear development and abuses of fundamental human rights. Sanctions affect the business operations of international companies and their customers by placing restrictions and controls on the movement of goods, services and funds. Restrictions can include:

- i. Export bans, import bans, and prohibitions on the provision of certain specified services;
- ii. Prohibiting certain commercial activities (such as joint ventures and other investment);
- iii. Preventing the transfer of funds to and from a sanctioned country;
- iv. Freezing the assets of and prohibiting any dealings with, a government, as well as corporate entities and individuals associated with the situation;
- v. Travel bans; and
- vi. Other financial restrictions.

Sanctions regimes may be subject to frequent and sometimes sudden change. Any country, international organisation or supranational body can impose them at any time, and in general, their effect is immediate.



Sanctions Screening Policy and Procedures

Section 4: Human Appeal Risk Profile

Human Appeal has a relatively high-risk profile because it operates in, and receives donations from, many regions of the world, including sanctioned countries. Accordingly, Human Appeal minimizes risk by appropriately screening transactions, and where appropriate, scrutinizing the parties in the transactional chain and escalating potential violations for review by senior management or outside counsel.

Human Appeal, through its staff, volunteers, contractors, and partners must remain vigilant and execute appropriate due diligence before engaging, finalizing, executing, and performing any transaction or other activity where Human Appeal is a participant. Any staff member, volunteer, contractor, or partner that can speak for, bind, or otherwise obligate the organisation to a transaction or agreement must be alert to and flag potential sanctions violations as described in these procedures and shall follow due diligence and compliance protocols established by Human Appeal.

The responsibility of compliance will fall primarily upon the Director of Finance and Services and Internal Audit staff. To encourage internal compliance with these procedures, periodic audits may be performed to ensure parties and transactions are being properly scrutinized. Such audits may be performed by the Director of Finance and Services and Internal Audit staff. Staff, volunteers, contractors, and partners will not be informed of when an audit will take place.

Section 5: Human Appeal Compliance Leadership

Human Appeal's management and directors are committed to compliance with all relevant sanctions laws and managing sanctions risks. They expect all staff, volunteers, contractors, and partners to be accountable for their own actions and to remain in compliance with sanctions requirements.

The Director of Finance and Services will provide guidance and leadership to all members of Human Appeal's respective branches and field offices and shall be primarily responsible for implementing compliance protocols established by the organisation. The Director of Finance and Services should also be apprised of all sanctions related matters and trainings.



Sanctions Screening Policy and Procedures

All staff, volunteers, contractors, and partners, regardless of the branch or field office they work in or for, should report possible sanctions violations to the Director of Finance and Services or his/her designee. Senior management should also direct all sanctions-related concerns or questions to the Director of Finance and Services or his/her designee.

Legal counsel will be engaged to evaluate a transaction or possible violation where appropriate.

Section 6: Global Sanctions

1. US Sanctions

The US Department of the Treasury's Office of Foreign Assets Control (OFAC) administers and enforces a series of laws, regulations, and executive orders that impose economic sanctions primarily against countries and groups of individuals, such as terrorists and narcotics traffickers. US sanctions can be either comprehensive or selective, using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals. Under these statutes and related executive orders, sanctions programs may be either unilateral (administered only by the US) or multilateral (administered in coordination with other countries). OFAC has a broad mandate to administer, promulgate, and enforce these various sanctions regimes.

Prohibited transactions may consist of nearly all commercial or financial transactions with targeted countries. Prohibited transactions may also include nearly all commercial or financial transactions with particular persons, individuals, and entities identified by OFAC. Furthermore, sanctions may prohibit other dealings in which US persons may not engage in unless authorised by OFAC or expressly exempted by statute. Because each sanctions program is based on different foreign policy and national security goals, specific prohibitions may vary between programs.

Depending on the legal requirements of the particular sanctions program implicated, US financial institutions will block (freeze) or reject transactions and are required to send reports to OFAC regarding these transactions. This is particularly relevant to Human Appeal when dealing with donors and beneficiaries in US dollars where such payments are cleared through the US financial system.



Sanctions Screening Policy and Procedures

OFAC publishes a list of sanctioned individuals, groups, and entities designated under its various sanctions programs. The names are incorporated into OFAC's Specially Designated Nationals and Blocked Persons (SDN) List. US persons are prohibited from dealing with SDNs wherever they are located, and all property and interests in property owned or controlled by an SDN that are, or come within the jurisdiction of, the United States and/or US persons are blocked.

Significantly, entities owned or controlled in the aggregate 50% or more by one or more blocked persons, are also blocked regardless of whether that entity is separately designated on the SDN List. This is generally referred to as the "50 percent rule" and depends entirely on the beneficial ownership of an entity and whether blocked persons retain a majority interest of that entity.

Failure to comply with US sanctions often carries civil penalties and the potential for criminal investigation by US authorities. As such, Human Appeal must remain diligent in its efforts to ensure compliance with OFAC-administered sanctions.

A. Fines and/or Imprisonment

The fines for violations can be substantial. Depending on the program, criminal penalties can include fines up to \$10,000,000 and imprisonment up to 30 years for willful violations. Civil penalties in many sanctions programs can range from \$284,283 or twice the amount of each underlying transaction, whichever is greater.

B. Terminology

- i. The term "*US person*" includes any US citizen or US permanent resident anywhere in the world, any US business entity and its foreign subsidiaries anywhere in the world, and all persons and businesses physically present in the United States. All US persons must comply with OFAC regulations, including those engaged by Human Appeal that provide services outside the United States.
- ii. An "*SDN*" or "*Specially Designated National*" is a person or entity OFAC has identified and listed on the SDN List. The SDN List contains the names of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers, designated under programs that are not country-specific. An SDN's assets within, or that comes within, the jurisdiction of the United States and/or US persons, are considered blocked property and US persons wherever



Sanctions Screening Policy and Procedures

located are generally prohibited from dealing with them. US financial institutions are likewise prohibited from dealing in blocked property and are required to block (freeze) funds in which an SDN maintains an interest.

- iii. The “*SDN List*” is published on the OFAC website.¹ The list is updated frequently and disseminated in a number of different formats, including fixed field/delimited files that can be integrated into databases.

2. UK Financial Sanctions

Her Majesty’s Treasury’s Office of Financial Sanctions Implementation (OFSI) administers and enforces financial sanctions regulations. All individuals and legal entities who are within or undertake activities within the territory of the United Kingdom must comply with UK financial sanctions that are in force. Specifically, all UK nationals and UK legal entities established under UK law, including their branches, must comply with UK financial sanctions that are in force, irrespective of where their activities take place.

The United Nations (UN) may impose financial sanctions and require member states to implement them, by way of a Resolution of the UN Security Council. The UK implements financial sanctions imposed by the UN in addition to UK autonomous financial sanctions.

The UK makes statutory instruments to provide for the penalties for any breach of sanctions and for the provision and use of information relating to the operation of those sanctions. The UK may also issue its own domestic financial sanctions and restrictions under the following pieces of legislation:

- i. Terrorist Asset Freezing etc. Act 2010;
- ii. Counter Terrorism Act 2008; and
- iii. Anti-Terrorism, Crime and Security Act 2001.

Departments predominantly associated with sanctions within the UK include:

- i. The Foreign & Commonwealth Office negotiates all international sanctions;

¹ OFAC Specially Designated Nationals and Blocked Persons List, <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>.



Sanctions Screening Policy and Procedures

- ii. OFSI is responsible for making designations under UK domestic financial sanctions and for implementing all financial sanctions;
- iii. The Department for International Trade implements trade sanctions and embargoes;
- iv. The Home Office implements travel bans; and
- v. HM Revenue & Customs enforces breaches of trade sanctions.

Financial sanctions come in many forms and are developed in response to a given situation. The most common types of financial sanctions currently in use or used in recent years are set out below:

- i. Targeted asset freezes usually applied to individuals, entities and bodies, and restricting access to funds and economic resources.
- ii. Restrictions on a wide variety of financial markets and services. These can apply to named individuals, entities and bodies, to specified groups or to entire sectors. These have taken the form of investment bans; restrictions on access to capital markets; directions to cease banking relationships and activities; requirements to notify or seek authorisation prior to certain payments being made or received; and restrictions on provision of financial, insurance, brokering, advisory services or other financial assistance; and
- iii. Directives to cease all business of a specified type with a specific person, group, sector or country.

Similar to US sanctions, financial sanctions will apply to entities that are owned or controlled, directly or indirectly, by a designated person. Those entities may not be designated in their own right, so their name may not appear on the Consolidated List. However, those entities are similarly subject to financial sanctions.

In line with EU guidance, OFSI considers that the key criterion to assessing whether a legal person or entity is owned by another legal person or entity is the possession of more than 50% of the proprietary rights of an entity or having a majority interest in it. If this criterion is met, and the owner is also a designated person, then financial sanctions will also apply to the entity that is owned by the designated person. OFSI interprets 'owned' to include both direct and indirect ownership. If the ultimate beneficial ownership of an entity rests with a designated person (for example, they own a corporate body which owns another corporate body), OFSI takes the view that all entities that are part of the ownership chain are subject to financial sanctions.



Sanctions Screening Policy and Procedures

Currently OFSI maintains two lists of financial sanctions targets, one of which is a consolidated list of all designated persons (known as the Consolidated List) and another list of individuals and entities subject to specific capital market restrictions in view of Russia's actions destabilising the situation in Ukraine.

OFSI also publishes guidance specific to UK charities and other non-governmental organisations.² The guidance clearly states that charitable organisations are prohibited from receiving or disbursing money, goods, or economic resources to an individual or organisation subject to financial sanctions, unless a license from OFSI is obtained or the transaction is exempt. Relatedly, the Charity Commission publishes guidance that addresses key aspects of the UK's counter-terrorism legislation and how it may affect charities and their work.³ Serious incidents may arise that involve both sanctions and terrorism financing; as such, Human Appeal must remain diligent in its compliance efforts to identify and mitigate these risks.

A. Fines and Imprisonment

Breaches of financial sanctions are considered to be a serious criminal offence. The maximum prison term applicable for a breach of financial sanctions is seven (7) years on indictment, and on summary conviction, to a maximum of six (6) months' imprisonment in England, Wales and Northern Ireland, and twelve (12) months in Scotland.

OFSI has the power to impose monetary penalties for violations of financial sanctions under powers in the Policing and Crime Act 2017. The value of a monetary penalty may range from 50% of the total violation up to £1m, whichever is greater.

B. Terminology

- i. "UK persons" refers to those individuals and entities that are citizens of or incorporated in the United Kingdom and are subject to its laws and regulations. All UK persons must comply with OFSI regulations, including those

² HM Treasury Office of Financial Sanctions Implementation, Frequently Asked Questions, Factsheet for charities and other non-governmental organizations (NGOs), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/653168/OFSI_Charity_FAQ_web.pdf.

³ The UK Charity Commission, Charities and Terrorism Guidance, <https://www.gov.uk/government/publications/charities-and-terrorism>.



Sanctions Screening Policy and Procedures

engaged by Human Appeal that provide services outside the United Kingdom. Further, Human Appeal's status as a UK-registered organisation requires that its branches comply with UK financial sanctions that are in force.

- ii. The "*Consolidated List*" is a list of designated persons subject to financial sanctions under UK and EU legislation, as well as those subject to UN sanctions implemented through EU regulations.⁴
- iii. The "*Ukraine List of Persons*" is a list of persons subject to restrictive measures in view of Russia's actions destabilising the situation in the Ukraine.⁵ These entities are not contained in the Consolidated List.

3. EU Sanctions

EU sanctions apply within the jurisdictional territory of the EU, to EU nationals in any location, and to companies and organisations incorporated under the law of a member state, including branches of EU companies in third countries.

Sanctions are one of the EU's tools to promote the objectives of the Common Foreign and Security Policy (CFSP): peace, democracy and the respect for the rule of law, human rights and international law. EU sanctions are reviewed at regular intervals. The Council of the EU decides whether sanctions should be renewed, amended or lifted. All legal acts related to EU sanctions are published in the Official Journal of the EU.

As of June 23, 2016, the UK voted in referendum to exit the EU; however, until exit negotiations are concluded UK persons and entities are still required to adhere to EU sanctions in force. The UK Consolidated List includes targets by the EU and UN, which remain in effect.

A. *Fines and Imprisonment*

EU sanctions are not punitive but designed to bring about a change in policy or activity by the target country, entities or individuals. Implementation and enforcement of EU sanctions is primarily the responsibility of the EU member states. The competent authorities in the member

⁴ HM Treasury, Office of Financial Sanctions Implementation, Financial sanctions: consolidated list of targets, <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>.

⁵ HM Treasury, Office of Financial Sanctions Implementation, Financial sanctions: consolidated list of targets, <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/ukraine-list-of-persons-subject-to-restrictive-measures-in-view-of-russias-actions-destabilising-the-situation-in-ukraine>.



Sanctions Screening Policy and Procedures

states have to assess whether there has been a breach of the legislation and to take adequate steps.

B. Terminology

- i. *“EU nationals”* refers to EU nationals in any location, as well as entities incorporated under the laws of a member state.
- ii. The *“Consolidated List of Sanctions”* is a guide to the current list of restrictive measures in force.⁶ As stated above, all persons and entities operating with EU member states are subject to these measures. Human Appeal operates in a member state(s) of the EU is therefore subject to these measures.
- iii. The *“Consolidated List of Persons”* is a list of persons, groups and entities subject to EU sanctions. Human Appeal operates in a member state(s) of the EU and therefore may not engage in transactions with persons on the list.

⁶ European Union External Action Service, Consolidated list of sanctions, https://eeas.europa.eu/topics/sanctions-policy/8442/consolidated-list-of-sanctions_en.



Sanctions Screening Policy and Procedures

Section 7: Sanctions Screening Procedures

In compliance with the foregoing, Human Appeal has implemented due diligence and sanctions screening procedures. These measures represent Human Appeal's required protocols at the time of onboarding new staff, volunteers, contractors, and partners, as well as processing donations and disbursements, and are intended to compliment Human Appeal's approach to anti-money laundering and anti-terrorist financing.⁷

Human Appeal's policy is to screen and identify persons and transactions subject to and/or prohibited by the following: US OFAC SDN List; UK HMT Consolidated List of Persons and Ukraine List of Persons; UN restrictive measures; and the EU Consolidated List. Human Appeal utilizes Thomas Reuters World-Check (World-Check) to conduct sanctions screening, which allows Human Appeal to screen all relevant sanctions lists using a single search function.

The following parties should be screened at the onset of an engagement, contract, or transaction:

1. All partner organisations that undertake projects on behalf of Human Appeal;⁸
2. All suppliers and contractors;
3. All banks, FX providers and financial institutions with whom Human Appeal engages in financial dealings;
4. All donors (individuals and organisations) who contribute in excess of £5,000;
5. All individuals/beneficiaries who receive cash as part of cash-based programme interventions (when part of donor requirements); and
6. Staff and volunteers.

The following internal documents should be cross-referenced to effectively carry out sanctions screening: 1) Screening Request Form; 2) Partnership Appraisal Form; 3) Screening Procedures Matrix; 4) Due Diligence and Partnership Appraisal Map; and 5) Thomson Reuters World-Check User Guide.

1. Due Diligence and Partnership Appraisal Screening Process

⁷ Refer to Anti-Money Laundering & Anti-Terrorism Financing Policy.

⁸ Refer to Engaging Third Parties Policy for a list of potential partners that may be subject to screening procedures.



Sanctions Screening Policy and Procedures

The first phase of sanctions screening requires fact gathering in accordance with Human Appeal's due diligence and partnership appraisal process. This requires completion of Human Appeal's Screening Request Form and/or Partnership Appraisal Form (depending on the type of transaction). Staff should cross-reference the Screening Procedures Matrix to determine which form(s) require completion. In accordance with the Due Diligence and Partnership Appraisal Map, Programmes/POC carries out the fact gathering process in conjunction with New and Potential Partners, and Human Appeal Branches and Field Offices.

These forms are intended to capture information necessary to conduct effective screening utilizing World-Check. Essential information to be captured includes names and aliases, addresses, date of birth (individuals), and ownership structure and identification (trustees, directors, decision-makers, and shareholders). Pertinent data fields are noted in the Screening Request Form and Partnership Appraisal Form, respectively.

Once the fact gathering process is complete, the information is forwarded to Internal Audit staff (Finance). Internal Audit staff screens persons and organisations utilizing World-Check. Staff utilizing World-Check should refer to the Thomas Reuters World-Check User Guide.

Generally speaking, when screening individuals Human Appeal staff must search the person's *last name only* for maximum search results and to detect any possible aliases, alternative spellings, or familial associations to individuals who are in the database. If the surname is culturally common and the search produces excessive results, staff should search by surname and first initial to reduce the number of false positives.

For organisations, Human Appeal staff must search the keywords of the entity name only, as well as any abbreviations or known aliases, for maximum search results and to detect any possible aliases or alternative spellings in the database. If the search by keyword produces excessive results, staff should narrow the scope by searching the full company name minus terms of incorporation (i.e., LLC, SA, Inc., Limited) to reduce the number of false positives. Staff must also screen the names of all individuals associated with the organisation, including trustees, directors, decision-makers, and shareholders.



Sanctions Screening Policy and Procedures

2. Risk Rating

The next phase of sanctions screening requires Human Appeal to assign a risk rating. A risk rating is assigned by Internal Audit staff and is documented on the Screening Request Form and/or Partnership Appraisal Form.

A risk rating will be assigned to any person or organisation subject to sanctions screening procedures. Persons and entities subject to sanctions in the US, UK, UN or EU are automatically assigned a high-risk rating. Persons and entities identified as Politically Exposed Persons (PEPs) on World-Check will automatically be rated as medium or high-risk depending on the level of exposure.

High-risk is defined as a transaction that poses or allows for a significant reputational risk to the organisation. It is Human Appeal's policy not to engage with any person, entity or financial institution deemed high-risk.

Medium-risk is defined as transaction that poses or allows for a greater than average reputations risk to the organisation. This may include persons and entities identified as PEPs. Human Appeal's general policy is to not engage with parties deemed medium-risk unless a dispensation is received from the Director of Finance and Services. Parties deemed medium-risk are subject to rescreening annually.

Low-risk is defined as a transaction that poses or allows for an average reputational risk to the organisation. This may include persons or entities with exposure to PEPs but may still be deemed acceptable to work with once all due diligence steps have been carried out. Parties deemed low-risk are subject to rescreening every two years.

No-risk is defined as a transaction that does not pose any reputational risk to the organisation. This may include staff, volunteers, and contractors that have cleared the screening process and are not located in a country or region subject to sanctions. Parties with no identified risks are subject to rescreening every five years.



Sanctions Screening Policy and Procedures

3. Decision Making and Escalation

The final phase of sanctions screening requires Human Appeal to decide whether to move forward with an engagement, contract, or transaction. The decision is documented on the Screening Request Form and/or Partnership Appraisal Form and retained in the person or organisation's file in accordance with Human Appeal's document retention policy described in Section 9.

All transactions where a sanctions risk is deemed present (low, medium or high) are automatically forwarded to the Director of Finance and Services for review and potential investigation. The Director of Finance and Services will review the transaction before the party and/or services can be approved. The Director of Finance and Services, with the assistance of Internal Audit staff, is responsible for performing due diligence investigations. After performing necessary due diligence, and where it is determined that a person, partner, or transaction implicates a potential sanctions risk, the Director of Finance and Services and Internal Audit staff must compile a complete packet of all relevant documents and information, and note the decision made whether to proceed.

The Director of Finance and Services is the authority on sanctions compliance for Human Appeal. The Director of Finance and Services may delegate his/her responsibilities to other staff members; however, the Director of Finance and Services verifies due diligence and conclusions and ensures that all relevant information is gathered and reviewed. The Director of Finance and Services is additionally responsible for quality assurance reviews of Human Appeal's due diligence standards and procedures, and the correct use and application of World-Check.

The Director of Finance and Services must sign off on any dispensations that are identified. The Director of Finance and Services is also ultimately responsible for any regulatory or policy violations that may occur after such approval. This reflects the overall policy that authority can be delegated, but responsibility cannot.

If necessary, the matter will be further escalated to Human Appeal's Board of Directors, who retain final authority over any transaction that implicates a potential sanctions risk.



Sanctions Screening Policy and Procedures

Section 8: Mandatory Compliance Training

Staff, volunteers, contractors, and partners will be trained on the contents of Human Appeal's sanctions policies and procedures. Such training will provide guidance as to due diligence and sanctions screening, including escalation procedures in the event of a potential sanctions match. Compliance training will include refresher training at appropriate intervals.

Training will be based on the nature, scale and complexity of a person's respective role within the organisation. Specifically, Programmes/POC, New/Potential Partners, Branches and Field Offices, and Internal Audit staff may receive more in-depth training.

The Director of Finance and Services determines the frequency, content and criteria for sanctions training. The Director of Finance and Services further ensures that relevant personnel complete sanctions training. Continual on-the-job compliance training will be provided as appropriate, an example of which is email correspondence noting changes to this policy or accompanying procedures. At a minimum, staff, volunteers, contractors, and partners must complete regulatory compliance training as part of Human Appeal's training program. Refresher training will be made in accordance with Human Appeal's continuing education policy.

Training program coverage should target new and existing staff, volunteers, contractors, and partners—specifically those that are responsible for carrying out due diligence and partnership appraisals. Training may take the form of regular email updates, branch and field office meetings, and continuing professional development training for departments responsible for conducting due diligence and appraisals. The Director of Finance and Services should facilitate and ensure that all personnel falling under these areas of responsibility avail themselves to the training provided.

Materials to be provided during training include: 1) Global Sanctions Policy; 2) Sanctions Screening Policy and Procedures; 3) Anti-Money Laundering & Anti-Terrorism Financing Policy; 4) Partnership Appraisal Form; 5) Screening Request Form; 6) Sanctions Screening Matrix; and 7) Due Diligence and Partnership Appraisal Process Map. At a minimum, Human Appeal staff, volunteers, contractors and partners involved in the due diligence and appraisal processes should receive and review these materials and understand how information should be gathered to conduct effective searches on World-Check.



Sanctions Screening Policy and Procedures

Section 9: Document Retention Policy

Human Appeal shall maintain complete records of every transaction where a sanctioned interest is present for at least *five years*. This is consistent with OFAC regulations⁹ and industry best practices.

Maintaining complete records means keeping a true and legible copy of: Screening and Partnership Appraisal Forms; all sales, service, distribution, marketing, partnership, delivery or supply contracts or agreements; requests for proposals; and correspondence between Human Appeal, its branches and field offices, partners, representatives, or distributors and any individual or entity.

Human Appeal shall also retain for five years all documents arising from payment transactions where a sanctioned interest is present, such as invoices, air waybills, shipping documents, financing and payment information, wire requests, and correspondence (including but not limited to electronic mail and facsimile transmissions).

Document retention is critically important to Human Appeal's overall compliance efforts. Maintaining complete records will also help Human Appeal conduct internal audits and investigations.

⁹ 31 C.F.R. § 501.601.



Sanctions Screening Policy and Procedures

Section 10: Possible Violations, Internal Investigations, and Self-Reporting

If it is determined that a prohibited transaction has occurred, the Director of Finance and Services must be contacted immediately. Upon being notified of a possible violation, the Director of Finance and Services should request the production of all retained documents and information related to the questionable transaction. To the extent deemed necessary, the Director of Finance and Services should contact legal counsel to analyze the breadth and scope of liability derived from the transaction.

Additionally, it is of critical importance to determine whether the violation is ongoing or historic. If the violation is ongoing, all efforts must be made to cease the conduct, or transaction, as quickly as possible. Continuing to engage in an ongoing violation may be deemed evidence of a willful disregard for sanctions compliance.

Staff, volunteers, contractors, and/or partners directly and indirectly involved in the possible violation should be interviewed. These interviews should complement and add insight to the documentary evidence retained for the transaction.

Where the Human Appeal believes that they have unwittingly engaged in prohibited sanctions-related conduct, they will report such conduct to the relevant authorities responsible for administering those sanctions that were breached. To that end, Human Appeal will ensure that it has clear internal and external reporting processes for reporting potential violations to those authorities as soon as they are discovered and confirmed, and that individuals within the organisation dealing with such matters understand their obligations.

Human Appeal recognizes that self-reporting possible violations to relevant sanctions authorities is usually the most beneficial course of action. If Human Appeal, upon consulting with counsel, determines that it will self-report the possible violation, it will shortly thereafter proceed with voluntarily disclosing the possible violation. The self-disclosure should comply with the specific reporting requirements of OFAC and/or OFSI and include all relevant documentation associated with the transaction.

At a minimum, Human Appeal will report the following information to a relevant authority in the event of a breach of sanctions: a) the information on which the knowledge or belief of the breach is based; b) any information held by Human Appeal about the sanctions target by which the person can be identified; c) a list of parties involved in the transaction; d) any relevant dates upon



Sanctions Screening Policy and Procedures

which a prohibited transaction(s) occurred; and d) the nature and amount or quantity of any funds or economic resources implicated in the transaction, and specifically, whether a payment was blocked or rejected.

Self-reporting demonstrates Human Appeal's willingness to cooperate with governmental enforcement bodies, and also facilitates a culture of compliance within the organisation. Further, self-disclosing potential violations is generally considered a mitigating factor by enforcement agencies when determining whether and to what extent a penalty should be imposed.

Section 11: Policy and Procedures Governance

1. Review of Policy and Procedures

Human Appeal's sanctions policies and procedures will be reviewed annually by the Director of Finance and Services to ensure they are up to date and aligned with Human Appeal's risk profile. Proposed amendments that are material in nature must be submitted to the Board of Directors for noting. Non-material proposed amendments must be approved by the Director of Finance and Services. In addition, these policies and procedures will be reviewed following any substantive changes to sanctions legislation or internal and external factors including regulatory feedback.

2. Exceptions and Dispensations

Exceptions and dispensations may be required where there are unique characteristics or legal requirements facing Human Appeal's branches or field offices. Exceptions and dispensations may occur only with prior approval from Director of Finance and Services.

In those cases, the branch or field office may seek a dispensation from these policies and procedures by submitting a request, in writing, to the Director of Finance and Services. The request must state, at a minimum, the basis for the request, including a detailed description of why the request is being made, the impact such a request will have on the integrity of Human Appeal's sanctions policies and procedures, and the duration of the dispensation. The Director of Finance and Services must review the request and make a determination as to whether the request should be granted in full or in part. If the dispensation requires a revision to Human



Sanctions Screening Policy and Procedures

Appeal's sanctions policy and/or procedures, the Director of Finance and Services must seek approval from the Board of Directors.

Any dispensation will be granted in writing and will be carried out subject to the conditions set by the Director of Finance and Services. Dispensations are not indefinite unless otherwise authorised.

3. Non-Compliance

Non-compliance with these policies and procedures could have serious consequences for Human Appeal, including civil and/or criminal penalties, injunctions, loss of partnerships and donors, and reputational damage. All staff, volunteers, contractors, and partners are responsible for understanding how these policies and procedures apply to their roles. No part of Human Appeal's sanctions policies or procedures should be interpreted as contravening or superseding any other legal and regulatory requirements imposed upon Human Appeal in any jurisdiction in which it operates, is registered, or licensed.

Examples of situations that will be considered as non-compliance include, but are not limited to, the following:

- i. Entering into any transaction with a designated entity where Human Appeal's sanctions policy prohibits it; and
- ii. Adjusting a business undertaking to avoid detection of sanctions obligations. This includes, but is not limited to, advising partners or donors to amend their information to include details that may be false or misleading, or changing or omitting information from a transaction that would otherwise lead to detection.

All non-compliance incidents and breaches must be reported to the Director of Finance and Services. The Director of Finance and Services, in consultation with the Board of Directors, will take appropriate action after consideration of all the relevant details. A breach may, in some circumstances, result in disciplinary action up to and including dismissal. Internal disciplinary procedures are independent from any action that may be initiated by any relevant regulators or authorities, if a breach occurs.



Sanctions Screening Policy and Procedures

4. Policy Implementation

These policies and procedures apply with immediate effect. All staff, volunteers, contractors and partners that may engage in activities where these policies and procedures apply should provide written acknowledgement of having read and understood their contents. The written acknowledgement will be retained in their personnel file for the duration of their employment or engagement.

The Director of Finance and Services is responsible for developing a suitable communication plan to publicize Human Appeal's sanctions policies and procedures, their key features, and changes, as necessary. This includes, but is not limited to, training and periodic testing of current policies and procedures.