

## **Ethical Fundraising**

### **Policy Template for Arts, Culture and Heritage Organisations**

*NB this is a guide document only, to support organisations to create their own ethical fundraising policies*

#### **Purpose**

*Set out the purpose of the document; which include elements of the following:*

The purpose of this document is to:

- Help ensure that funding relationships do not indirectly support activities that are counter to the Organisation's mission
- Protect the Organisation's reputation, by supporting decision-making on funding opportunities
- Provide guidance on the types of companies, funders and fundraising events that the Organisation will or will not be associated with in pursuing fundraising to support delivery of its mission.

#### **Responsibility**

*Set out who will have overall responsibility: The Ethical Fundraising Policy should be agreed and held by the Board of Trustees. The Chair of trustees should sign the Policy and be publicly accountable for upholding it.*

#### **Procedures**

*Summarise the procedures the organisation will undertake to uphold the policy e.g. an ethical steering committee to review new funding partnerships, regular review at trustee meetings etc*

#### **Introduction to the Organisation – Vision and Values**

*A brief introduction to The Organisation, its governance structure, its published vision and values. NB. If the Organisation is a charity, then the vision and values should either be the same as, or explicitly linked with, the charitable objectives.*

#### **1. Rationale for Fundraising**

To help guarantee the availability of ongoing funds to pay for its work, the Organisation aims to maintain a broad base of different sources of funding. The purpose of this policy is to ensure clarity and openness to all our stakeholders.

*Identify here what the Organisation is hoping to gain from these relationships – this will primarily be cash income, but may also involve in-kind, pro-bono, marketing or other support, or simply stronger local and national partnerships.*

## **2. Key Issues for the Organisation to Consider**

*The Organisation should set out the key reputational risks which they have identified through accepting funding or other forms of support, or partnering with, any external organisation or individual.*

*The Organisation should make clear that it has a responsibility to its stakeholders and participants to consider the ethical issues that may arise in working with or accepting funding from an organisation/individual and the associated risks to reputation and organisational objectives.*

Donations, funding and partnerships which may pose a reputational risk to an Organisation include those which could lead to negative publicity and:

- The loss of donations from other supporters
- The loss of volunteers whose services would be of equivalent or greater value than the gift or partnership
- The loss of staff or the inability to recruit staff with the necessary skills and dedication

*The subsequent document should set out the decision-making course the Organisation will follow when ethical dilemmas arise and outline the approach to relationships with investment partners to ensure clarity and openness for all of the Organisation's stakeholders.*

## **3. Draft Policy Points**

### **Context**

The Organisation actively seeks opportunities to work together with external organisations and individuals to achieve shared objectives. However, it is vital that the Organisation maintains its independence and does not allow any external partnership to bring the name of the Organisation into disrepute.

The Organisation therefore accepts financial support from, and partnership working with, companies and individuals on the following conditions:

- There are strong grounds for believing that it will result in a benefit to the Organisation's beneficiaries
- The Chief Executive and trustees are satisfied that no adverse publicity will result from accepting such support
- There is no attempt on the part of the company or individual to influence the Organisation's policy or actions either explicitly or implicitly
- That initiatives do not compromise the independent status of the Organisation
- The company does not participate in business practices that are counter to the Organisation's mission.

### **Cause-Related Marketing, Affinity Marketing and Product/Service Endorsement**

- The Organisation may want to enter into a partnership in which it will actively endorse or promote a company. However, if the Organisation enters into a partnership but does not infer endorsement, a disclaimer statement to this effect will be included alongside any branding or

promotion associated with products. E.g. 'The use of this logo does not imply any endorsement by Organisation of this company, its products or services'

- Only the Organisation will have direct access to its database and beneficiaries

In order to ensure that all of the Organisation's cause-related promotion reflects the Organisation's values, any potential initiative must come to the Chief Executive and relevant governance committee for approval.

### **Avoidance Criteria**

The Organisation will not accept any funding from companies directly involved in activities that run contrary to its overall charitable objectives / vision / aims. It will not accept financial support or partnerships with companies currently involved with human rights abuses, illegal activity or any of the following activities:

*(examples to be amended in accordance with Organisation's values are) Animal testing; genetic engineering; intensive farming; manufacture of environmentally hazardous products or chemicals; military contracts; mining; nuclear power; third world debt; third world marketing; the manufacture of tobacco; **pornography or the sex industry; gambling and gaming; lending and debt provision; and water pollution.***

### **Other reputational risks**

*The Organisation may also consider whether it may be appropriate to refuse donations from those that are known to instigate or repeat views of an inflammatory or derogatory nature concerning someone's race, gender, disability, sexual orientation, religion, culture, or any other aspect of that person's life which may be counter to the Organisation's purposes and values.*

### **Due Diligence**

*If the Organisation doesn't have a separate Due Diligence Policy, set out intentions in relation to this. Due diligence is a process to satisfy legal and ethical obligations. It includes checking the identity of donors and partners to ensure there are no conflicts (or potential conflicts) of interest and carrying out such research to guard against legal and reputational risk. The core elements of due diligence across each of the 'Know Your Donor' principles developed by the Charity Commission require reasonable steps to ensure*

- *Know what the organisation's or individual's business is and be assured this is appropriate for the charity to be involved with*
- *Watch out for unusual or suspicious or unexpected activities, conduct or requests.*
- *Research is carried out using a range of publicly available sources which may include the Electoral Register, Companies House, the Register of Charities, the Charity Commission, newspaper reports and company websites.*

Due Diligence may be carried out on donations of £x or more from individuals, £x or more from grant-making trusts, unsolicited corporate donations of £x or more, and all businesses which the Organisation is actively partnering with. In line with Charity Commission guidance, if a donation of £25,000 or more is received from an unknown or unverifiable source, it is to be reported to the Charity Commission as a serious incident. N.B. This only applies when the donor is completely anonymous, not when the donor is known to the Organisation but wishes to remain publicly anonymous.

## Acceptance Criteria

*When deciding whether to accept any particular donation, the Chief Executive and Trustees have a duty to demonstrate to the Charity Commission that they have acted in the best interest of the charity, and that association with any particular donor does not compromise the Organisation's ethical position, harm its reputation or put future funding at risk.*

The Organisation complies with all relevant legislation, including money laundering rules, the Bribery Act and Charity Commission guidance, including terrorism and political activity.

The Organisation would therefore not accept any of the following where the donation:

- Was known to be associated with criminal sources and/or illegal activity
- Would help further a donor's personal objectives which conflict with those of the Organisation
- Would lead to a possible decline in support for the Organisation, and so risk a fall in the resources available to fund its work or damage its longer-term fundraising prospects
- Would otherwise impact adversely on the Organisation's reputation
- Accepting a donation from any particular source is inconsistent with Government policy

The Organisation will actively seek support from donors and companies, and will prioritise those whose practices align to its mission (*examples - to be added to /amended in accordance with Organisation's values*)

*(Have 'investors in people' accreditation, pay the living wage, are a DECA **accredited** Disability Confident **Employer**, Have Green Mark Environmental Accreditation, Have relevant industry or supply chain accreditations)*

## Purchasing

The Organisation will not knowingly purchase goods and/or services produced and delivered under conditions which involve any form of abuse or exploitation of third parties.

Evidence (not exhaustive) of such abuse and exploitation includes:

- The use of child labour
- Failure to pay employees a minimum wage
- Working hours are excessive
- Evidence of any form of inhuman, unreasonable or discriminatory treatment of employees
- Undertake practices that violate human rights through environmentally unsustainable business practices.

The Organisation expects suppliers to accept responsibility for labour and environmental working conditions under which products are made and services are provided, and to make written statement of intent regarding the company's policy.

## Management

*To manage funding partnerships within an ethical framework, the Organisation may include in the policy a protocol to develop partnership agreements. This could simply outline expectations. For a partnership considered to have some level of risk, either because it is higher amount, multi-year, high-profile, involves use of logos or other collateral, or because of donor track record, the organisation may request a **full disclosure principle**, requiring the partner to provide information on its business practice, in relation to specific ethical / avoidance criteria, so that the organisation can make an informed decision.*

## **Further Points**

The Organisation recognises that, in accepting funding from statutory bodies, it must consider the policy implications and obligations that might be tied to it and ensure that these do not contravene the aims of the Organisation.

The Organisation will not allow any supporter to compromise our policy independence and all supporters, and staff associated with these supporters, must be clear that the positions we take are based on our independent assessment of the most effective way to advance our mission. They are not constrained in any way by the policy or priorities of any organisations or individuals that support us.

The Organisation can seek to raise funds from a series of charitable Trusts and Foundations, but recognises that, simply because these have been registered with the Charity Commission does not mean that they are ethical givers. The Organisation therefore does not accept money from any charitable Trust where its source funding might run contrary to the Organisation's aims, or if it is a requirement of grant receipt to advertise any company or organisation whose activities run contrary to the Organisation's aims.

The Organisation will maintain accountability and open and honest relationships with all its partners, by regularly monitoring and evaluating its work.

This statement of policy is meant as a working guide for the Organisation. Any final decisions will be governed by the Board of Trustees. It is the duty of the Board to advise of any potential conflicts of interest with regards to funding or partnerships, and for the Board to act in the best interests of the Organisation at all times.

**Agreed at the Meeting of the Board of Trustees on: .....**

**Signed by .....**

**Chair, Board of Trustees**

**Date: .....**

**Revised and updated: .....**