# Ethical Policy

## Ethical Investment and Procurement, Fundraising and Donations

Contents

[Ethical Policy 1](#_Toc51676555)

[Ethical Investment and Procurement, Fundraising and Donations 1](#_Toc51676556)

[1. Overall Policy 1](#_Toc51676557)

[2. Our Vision and Values 1](#_Toc51676558)

[3. Purpose, Context and Governance 2](#_Toc51676559)

[4. Ethical Standards 2](#_Toc51676560)

[5. Ethical Investment Policy 3](#_Toc51676561)

[6. Procurement 4](#_Toc51676562)

[7. Fundraising & Donations 5](#_Toc51676563)

[Appendix 1 – Governance 8](#_Toc51676564)

[1. Procedure 8](#_Toc51676565)

[2. Review 8](#_Toc51676566)

[3. Approval 8](#_Toc51676567)

[4. History 8](#_Toc51676568)

[Appendix 2 - Fundraising – process for assessing sources of income 9](#_Toc51676569)

[Appendix 3 – Partnership process flowchart 10](#_Toc51676570)

[Appendix 4 - Glossary of key fundraising, Investment and partnership terms: 11](#_Toc51676571)

[Appendix 5 – Fundraising Due Diligence 12](#_Toc51676572)

[Appendix 6 - Supplier / Contractor Accreditation - Due 14](#_Toc51676573)

## Overall Policy

The Charity will always seek to do what is lawful and right, within the guiding moral principles and ethos of the Charity and its founder.

## Our Vision and Values

* 1. Leonard Cheshire supports individuals to live, learn and work as independently as they choose, whatever their ability. Led by people with experience of disability, we are at the heart of local life – opening doors to opportunity, choice and support in communities around the globe.
  2. Our values define us as an organisation and give us clear direction about how we do what we do:
* Positive - warm and empathetic, we always look to progress and improve.
* Proud - strong-willed and spirited, we’re firm in our beliefs.
* Pioneering - confident and imaginative, we’re creative change-makers.
  1. We are at all times focused on the interests of people with disabilities and on protecting the organisation’s reputation.

## Purpose, Context and Governance

* 1. The purpose of this policy is to ensure clarity and openness to all stakeholders. As a registered charity, there is a strong expectation among the public and our key stakeholders that we will operate in a manner that is honest and transparent.
  2. The Charity’s ethical standards apply to all of the Charity’s activities, including the Charity’s interactions with third parties. Third parties include, but are not limited to, corporate and individual donors, local and national governments, other charities, public sector agencies, commercial suppliers and the media. The Charity recognises the importance of this ethical policy in determining whether or not to enter into a relationship with a third party.
  3. When considering engagement with third parties, the Charity will: seek to avoid conflict with charitable objects; ensure that funds and assets are used only to further the purposes and interests of the Charity; and operate in line with this ethical policy.

## Ethical Standards

* 1. A risk management approach is applied to our decision-making on potential third party partnerships based on our Ethical Standards which are:

Leonard Cheshire will not knowingly enter into a relationship with a third party which is likely to impact significantly on the Charity’s ability to achieve its objects.

Leonard Cheshire will not knowingly enter into a relationship with a third party that poses a significant risk to the Charity’s reputation which, on a balance of probabilities, would lead to significant net loss of financial or public support or reduced impact for the Charity’s services.

* 1. The Board of Trustees has ultimate oversight and responsibility for the Charity’s ethical position.
  2. Proactive monitoring of the Charity’s ethical risks is delegated to the Audit and Risk Committee.
  3. The Board of Trustees seeks to optimise the ability of the Charity to fulfil its mission while ensuring that the best interests of the Charity are maintained. Such interests include avoiding conflict with the Charity’s objects and protecting both the Charity’s income and reputation. Specific policies about donations & fundraising, investment and procurement are laid out below and in the Appendices.

## Ethical Investment Policy

* 1. The Charity will adopt ESG (environmental, social, governance) principles, in determining its investments.
  2. For the sake of clarity, The Trustees wish to make no direct investments in companies:
* Known to be associated with terrorism, criminal or immoral activity;
* Where association is likely to reduce support for Leonard Cheshire, and so risk a fall in the resources available to fund our work; or
* Where association could have a net material adverse impact on Leonard Cheshire’s reputation;
* Known to be involved in the manufacture or wholesale distribution of tobacco products.
  1. Indirect investments through collectives, mutual funds and passive vehicles are permissible to facilitate diversification, subject to a maximum amount, on initial investment, of 5% of such fund.
  2. Investment Committee will ensure that the Investment Portfolio complies with the ethical Investment Policy, and periodically, the Audit and Risk Committee will review this compliance and recommend any remedial actions.

This policy will be reviewed by the Trustees every three years.

* 1. This Ethical Investment policy forms part of the Charity’s overall investment policy, the full terms of which are separately drafted.

## Procurement

* 1. Draft UK Policy
     1. Leonard Cheshire sources its goods and services cost effectively from reliable suppliers which meet Leonard Cheshire’s ethical and socially responsible criteria. We will only work with suppliers who follow our objectives (values, behaviours) If there is a failure to do so, the Head of Procurement will escalate to an Executive Director to decide whether to do business with a supplier / contractor who does not comply.
     2. The policy only covers UK suppliers/contractors. For the International operating environment, we will require separate specific guidelines for the context of each geography in which we operate, but we would expect the principles herein broadly to be applied.
     3. Suppliers / contractors will:
* confirm how they comply with Leonard Cheshire Standard Terms & Conditions;
* confirm how they comply with the Data Protection Act 2018 and none disclosure or sharing of personal information without appropriate requests and approvals;
* confirm how they comply with the Modern Slavery Act 2015;
* Operate in accordance with the Health & Safety at Work Act 1974;
* Demonstrate systems in place to minimise the impact on the environment by seeking continual reduction in the use of natural resources and waste without affecting quality;
* confirm how they comply with the UK Bribery Act 2010;
* demonstrate how they meet equality requirements where there is no discrimination to its workforce or subcontractors; and
* Declare any interests or relationships with Leonard Cheshire employees or Trustees.
  + 1. Leonard Cheshire employees are required to comply with the following when undertaking procurement and supplier management:
* Use the template as set out in Appendix 7 – Supplier Accreditation;
* Treat all suppliers / contractors in a fair, open and transparent manner;
* Ensure that all suppliers information, especially commercially sensitive information is kept confidential and securely destroyed when necessary
* Comply with the procurement policy and procurement thresholds for quotations, tenders or involving the procurement team;
* Ensure that supplier / contractor, buyer relationships are treated openly and honestly;
* In competitive procurement processes provide suppliers with a full debrief;
* The arbitrary or unfair use of purchasing power or influence is prohibited, and could result in disciplinary action;
* Declare any material or personal interest which may affect, or be seen to affect, impartiality or judgement;
* Encourage employees where necessary to ‘speak up’ or raise concerns in line with Leonard Cheshire Whistleblowing policy and procedures;
* Ensure that suppliers / contractors understand and agree to any negotiated terms and conditions;
* Respect suppliers / contractors who do not want to donate or provide in-kind benefit and ensure that any request is clearly set-out in the procurement documents inviting suppliers / contractors to participate;
* Ensure that the magnitude of business issued to suppliers is considered as part of the financial due diligence appraisal of suppliers / contractors prior to award; and
* Consider the financial impact on a supplier / contractor if Leonard Cheshire ceased to do business with them.
  + 1. Procurement at Leonard Cheshire is managed by both the central procurement team and operational colleagues undertaking procurement-related processes. The Head of Procurement provides the overarching governance, policy and principles for all staff involved in procurement to adhere to.
    2. Leonard Cheshire will seek alternative supply sources where the conduct of suppliers / contractors demonstrably violates the principles of this policy and Leonard Cheshire’s charitable position.

## Fundraising & Donations

* 1. Purpose
     1. To help guarantee the availability of on-going funds to pay for our work, Leonard Cheshire aims to maintain a broad base of different sources of funding. In building local, nation and international partnerships the primary objectives of the Charity are cash income, support-in-kind and heightened profile.
     2. Leonard Cheshire complies with all relevant legislation, concerning inter alia money laundering, bribery and guidance by the Charity Commission and the Institute of Fundraising.
  2. Policy
     1. Leonard Cheshire seeks opportunities to work together with external organisations and individuals to achieve shared objectives. However, it is vital that Leonard Cheshire maintains its independence and mitigates the risk of external partnerships bringing the name of Leonard Cheshire into disrepute.
     2. Leonard Cheshire therefore accepts financial support from, and partnership working with, organisations and individuals under the following conditions:
* There are strong grounds for believing that it will result in benefits for those we are here to support;
* No publicity is likely to result in net loss in value for the organization; and
* That initiatives do not compromise the independent status of Leonard Cheshire.
  + 1. Where cause-related marketing, affinity marketing and product/services partnerships are undertaken:
* Leonard Cheshire will retain sole direct access to its databases and beneficiaries; and
* In the case of cause-related promotions, any potential initiative requires approval in advance the Executive Board.
  1. Acceptance criteria
     1. When deciding whether to enter into a partnership with an organisation or individual, or to reject a donation the Trustees have a duty to demonstrate to the Charity Commission that they have acted with reasonable care and skill in the best interests of the Charity. Trustees will consider whether association with a particular donor or partner is likely to compromise Leonard Cheshire’s ethical position, or harm its reputation, or put future funding at risk.
  2. Avoidance criteria
     1. Leonard Cheshire will not accept funding from organisations or individuals directly involved in activities that run contrary to our overall charitable objectives.
     2. Leonard Cheshire will therefore not accept any of the following where:
* The partner or donor was known to be associated with criminal sources and/or illegal activity; or
* Receipt would lead to a loss in support for Leonard Cheshire, and so risk a fall in the resources available to fund our work; or Acceptance would otherwise, on balance, have a net impact on Leonard Cheshire’s reputation.
  1. Refusal Criteria
     1. Trustees are under an overall legal duty to consider which course of action will be in the charity’s overall best interests, including the issue of accepting or refusing donations. The law allows practical and ethical factors to be taken into account as long as they are relevant to the specific charity and situation.
     2. However, donations to charities can, and should, only be refused in exceptional circumstances. That is why it is important to have a policy that clearly lays out the organisation’s position and ensures that donations are only turned down for proper reason.
     3. The Institute of Fundraising guidance of May 2018 sets out the exceptional circumstances under which a donation can be refused as:
* “It would be unlawful to accept it (e.g. the organisation knows that the gift comprises the proceeds of crime); or
* “Accepting the donation would be detrimental to the achievement of the purposes of the organisation, as set out in its constitution. This anticipated detriment must be set against the benefit of having the funds from the donor, which would enable the organisation to pursue its purposes.”
* While “ethics and values will be important in reaching the decision, these cannot be the decisive factors.” The guidance sets out that a donation should not be accepted where it would “most likely” lead to the loss of donations from other funders to the value of the donation; the loss of volunteers whose services would be of at least the value of the donation; or the loss of or inability to recruit staff.

## Appendix 1 – Governance

## Procedure

* 1. All staff will employ the relevant due diligence processes in their assessment of potential third party relationships. Where a potential issue is identified, this should be referred first to the Executive Director Marketing and Fundraising, Executive Director Partnerships or the CFO. See Appendices for specific processes. If required, this will be referred to the Executive Board and thence to the Audit and Risk Committee. The Audit and Risk Committee is delegated by the Board of Trustees as the arbiter of whether a relationship should or should not be pursued.

## Review

* 1. This policy will be reviewed annually or sooner if changes are required as a result of new legislation or regulation.

## Approval

* 1. This policy was approved by the Board of Trustees on 24 June 2019.

## History

* Policy commenced: June 2019
* Team: Marketing and fundraising
* Last full review: June 2019
* Next full review due: June 2020
* Lead director: Executive Director, Marketing and Fundraising
* Document owner: Executive Director, Marketing and Fundraising
* Lead Committee: Audit and Risk Committee

## Appendix 2 - Fundraising – process for assessing sources of income

1. We propose to follow best practice as set out by legislation and guidance from organisations such as the Institute of Fundraising. We will ensure that fundraising appeals – particularly via individual giving and legacies – are transparent.
2. In the consideration of significant donations (over £50,000) from individuals or organisations, we are proposing a policy which asks key questions related to the Avoidance criteria at the start of our due diligence process and score the responses. A score of over 3 will mean that the potential relationship is discussed by the Executive Board with a recommendation to the Audit and Risk Committee for approval.
3. Each question will be answered on a scale of 0 to 5 where 0 is none and 5 is a high amount.

* Has there been any negative coverage about the potential funder over the last 12 months in the areas that they operate?
* Has there been any negative coverage about the sector in which the potential funder operates (this includes for individuals, the sector from which they earned their wealth)?

1. All relationships will subject to a thorough due diligence process which is set out in Appendix 2. This will be completed for new relationships and on any contract / grant renewal or at least every three years.
2. The process is proposed to operate as follows:

* The Executive Directors, Partnerships and Marketing and Fundraising approve all due diligence reviews and will highlight to the Executive Board potential relationships that are to be reviewed under the ethical fundraising policy together with their recommendation.
* The Executive Board will review the due diligence and proposed relationship and provide a recommendation to the Audit and Risk Committee;
* An update will be provided to each Audit and Risk Committee meeting for approval which will include all those reviews which are not considered to require approval.

## Appendix 3 – Partnership process flowchart

Current partner – on new contract or at least every three years

Listed for review by Executive Team

Recommendation to and review by Executive Team

Score of under 3

Score of over 3

Answer three questions scoring from 0-5 (see 3.2)

Perform due diligence as outlined at Appendix 1(a)

New potential partner

Executive Team agree no further review required

Executive Team make recommendation to Audit and Risk Committee



List provided to Audit and Risk Committee for review

Recommendation to and decision by Audit and Risk Committee

## Appendix 4 - Glossary of key fundraising, Investment and partnership terms:

1. Cause related marketing: Joint funding and promotional strategy in which a firm's sales are linked (and a percentage of the sales revenue is donated) to a charity or other public cause. However, unlike philanthropy, money spent in cause-related marketing is considered an expense and is expected to show a return.
2. Donation: A charitable gift given for philanthropic reasons
3. Sponsorship: Involves a fee to own the rights to a commercial proposition e.g. an event
4. Environmental investment criteria: consider how a company performs as a steward of nature
5. Social investment criteria: examine how a company manages relationships with employees, suppliers, customers and the communities where it operates.
6. Governance investment criteria: deal with a company’s leadership, executive pay, audit, internal controls and shareholder rights.

## Appendix 5 – Fundraising Due Diligence

The table below has two columns – the second column is blank as this would be completed with the due diligence information.

|  |  |
| --- | --- |
| Name and main address |  |
| Overview (including organisation group structure and footprint) |  |
| Company leadership and review |  |
| CRM Reference |  |
| Sector |  |
| Ability to give – turnover, profit, other relevant information |  |
| Employee numbers and FTE |  |
| Organisation mission and values |  |
| Review of press over past year |  |
| Review of CSR policy and actions |  |
| Review of giving criteria |  |
| Current charity involvement |  |
| Potential / actual changes in external environment which effect potential donor / partner |  |
| Overview of potential partnership opportunities |  |
| Risk(s) identified |  |
| Does this present a risk to other relationships – potential or existing? |  |
| Ability to mitigate identified risks |  |
| Success dependencies (Leonard Cheshire) |  |
| Success dependencies (Company) |  |
| Notes |  |
| Summary |  |
| Recommendation |  |
| Approved by relevant Executive Director |  |
| Approved by Executive Team (if required) |  |
| Approved by Audit and Risk Committee (if required) |  |

## Appendix 6 - Supplier / Contractor Accreditation - Due

The table below has two columns – the first column is the checks that will be made on suppliers / contractors (not low value / one-off low risk purchases). The second column is blank as this would be completed by the buyer responsible to ensure the supplier / contractors is compliant / illustrates their action plan to be fully compliant.

|  |  |
| --- | --- |
| Name and main address |  |
| Category / Types of Spend |  |
| Total Expected Spend |  |
| Supplier / Contractor Turnover |  |
| Number of Employees |  |
| Signed Leonard Cheshire T&Cs |  |
| Health & Safety Policy / Statement (dependent on number of employees) |  |
| Copies of Insurance documents |  |
| Modern Slavery Policy / Statement |  |
| Environmental Policy / Statement |  |
| Equality Policy / Statement |  |
| Compliance with Bribery Act 2010 and signed Declaration of Interest Form |  |
| Signed Leonard Cheshire GDPR Assurance form |  |
| Signed compliance with the NHS Compliance Toolkit (I&G requirement) |  |
| Approved by the Head of Procurement |  |
| Approved by Executive Team (if required) |  |
| Approved by Audit and Risk Committee (if required) |  |