

Guide

Creating ethical guidelines for fundraising

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Back in 2002 the Charity Commission gave Third Sector organisations the following advice about ethics in their document *Charities and Commercial Partners*:

“Charities should consider establishing an ethical policy, which clearly sets out the charity's values. This will form part of their wider fundraising strategy and it can be used to ensure that trustees, staff and any potential commercial partners share a common understanding of the charity's ethical values”.

Having ethical guidelines is not a shiny new idea. It is not an exercise that will take up time and then sit in a shared drive gathering virtual dust. If approached in the right way it can be a cornerstone of your organisation's strategy:

- A risk management tool providing guidance for leadership and potential partners.
- A useful document for fundraisers to refer to when navigating through complex issues and negotiations.
- A way to further cement your organisation's sense of identity and purpose.
- A guide to help your organisation keep its values and philosophy front of mind and your reputation safe.

Having ethical guidelines in place can help organisations who are nervous about collaborating with businesses to embrace corporate fundraising. Employees can explore a wide range of opportunities safe in the knowledge of what to avoid and why.

Ethical standards

Your ethical standards will be the backbone to your ethical guidelines. WaterAid have two overarching ethical standards that are immutable and guide all their decision making:

“Ethical Standard 1: When seeking funds WaterAid will not enter into a relationship with a potential supporter whose work or activities negatively impacts on the mission of WaterAid, i.e. is contravening the rights of poor communities to gain access to safe water and improved sanitation.”

“Ethical Standard 2: WaterAid will not enter into any relationship with a third party organisation that poses a risk to WaterAid's reputation which could lead to loss of support and credibility”

WaterAid's Global Ethical Policy and Standards

For some, however, it is not going to be as straight forward as this. In these instances being more explicit will help. A lot of organisations work from a list of sectors or specific industries that they do not want to associate with because it may negatively impact their reputation and/or go against their beliefs.

An environmental charity, for example, may decide that it will not work with fossil fuel focused energy companies but will explore partnerships with companies that are making considerable investments in renewable energies. A guide as to what the organisation sees as being 'considerable investments' should be included. In addition to this, they may also agree that it will not accept funding linked to sex industries, on ethics alone.

The Charity Commission stresses the importance of non-for-profit organisations making decisions based on purpose and not the moral agenda of individuals. Clearly outlining your organisation's ethical standards will help mitigate against the influence of people's prejudices and preferences.

Scope

The following are areas you may want to consider including in your ethical guidelines:

- **Fundraising and marketing** – are there any distinctions between those you would accept donations from and potential partners you would enter into a commercial activity with? What happens if you receive an anonymous donation?
- **Influencing and advocacy** – are there any partners that you would work with because you want to influence their approach to an issue?
- **Images** – is your organisation uncomfortable with a particular approach to imagery? E.g. many international development organisations are keen to steer away from images of poverty and suffering and use images that empower their beneficiaries.
- **Procurement and investment** – should your ethical guidelines include your supply chain and investments?
- **Procedures** – how do decisions get made and enforced? Also see 'ownership and awareness'.

Consultation

Your Board

- It is essential to have buy-in from your board. This is a matter of governance. Your board have to be signed up to using and reinforcing the ethical guidelines

Your People

- By involving your team in this exercise you can bring them closer to the purpose and identity of your organisation. For younger organisations or for those wishing to re-invigorate themselves creating ethical guidelines can help to further define an organisation.
- In bigger organisations it may not be possible to involve everyone. Ensure you engage employees in some way, even if you can only spare an hour to bring a cross section of your organisation together to get their input.
- This is an emotive subject, by engaging them in the process you are more likely to get buy-in later down the line, when it is time to put the procedures in action.
- By sharing this exercise with your people the chances are you will inspire greater confidence and loyalty from them.

Your beneficiaries

- Consider whether your organisation would gain from exploring these issues with your beneficiaries

Ownership and awareness

Decide who or which group of people are responsible for final decisions and ensure you have a plan for sharing the guidelines with the wider organisation. Clearly set out the processes and procedures that need to be followed and under which circumstances people should refer to them. Some organisations involve an established group of people in the decision making, others one or two senior figures.

Flexibility

There are no hard and fast rules when it comes to ethical guidelines. Copying another organisation's stance on ethics is just as fruitless as trying to emulate another organisation's brand. It is also important to make your decisions on a case-by-case basis. Trying to adopt a blanket, catch-all approach could result in you undermining your own standards and potentially making a decision that harms your organisation.

Case study

A small youth charity and a foundation predominantly funded with the profits from the sale of a gambling business.

The youth charity had established an ethical standard not to work with companies making money out of gambling. They did not want to be seen promoting or endorsing gambling through association. Understandably, they felt a strong sense of responsibility towards their often vulnerable and impressionable beneficiaries. The Foundation in question was offering them the opportunity to apply for £30,000 of funding over two years. A notable amount for this £1.5 million turnover charity. They requested that their logo be put on the charities' website alongside its other supporters.

The charity decided to apply for the funding. It took a while for everyone to agree. It finally came down to the two degrees of separation between the charity and the gambling activity: Although the foundation was established out of money made from gambling it was not operating in the gambling world. And to the majority of people outside the organisation – most importantly the young people they help - it was highly unlikely that they would know where the foundation's money came from.

So the danger of endorsing or being seen to endorse gambling activity through association, it was agreed, was negligible.

Conclusion

Take the time to establish ethical guidelines. The exercise itself will force you and your people to answer some difficult questions. Through answering these questions you will further define the purpose, direction and identity of your organisation. At the same time you can create a channel for your employees to express their thoughts, ideas and concerns. They will learn more about their employer and in the best case scenario feeling inspired, motivated and further connected to their work.

They will help everyone navigate through opportunities that previously may have felt daunting or too complex. They will also provide an instant set of guidelines for potential partners, managing their expectations and setting clear boundaries.

Ultimately, they are a way of communicating to your stakeholders what is important to you on a fundamental level.

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