

Sustain's ethical funding policy

Updated June 2017 by Sustain Council of Trustees

Sustain: The alliance for better food and farming advocates food and agriculture policies and practices that enhance the health and welfare of people and animals, improve the working and living environment, enrich society and culture and promote equity. We represent around 100 national public-interest organisations working at international, national, regional and local level. We work with hundreds more, in communities around the country – and sometimes internationally – to implement campaign and project activities.

Our vision for a food and farming system, as set out in our current strategy *Better Food, Better Farming, Better Lives* (2015) is one where:

- All food is produced in a way that is fair and sustainable. Fair for farmers, workers, animals and which sustains the land, biodiversity and natural resources for now and generations to come.
- A thriving food supply chain from 'farm to fork' delivers livelihoods for farmers here and abroad, and ensures manufacturers, suppliers, and caterers make healthy and sustainable options the easy choice for people, where no food is wasted.
- Healthy, sustainable diets are accessible and affordable to all, through a diverse array of outlets, and it becomes unacceptable and expensive to promote unhealthy, unethical and unsustainable produce.
- We have a strong UK food culture that ensures food is valued and enjoyed, and is promoted in coherent integrated government policy, and where skills in production and food quality are appreciated by all and not just the few.

Sustain's governance

The Sustain alliance is a registered charity (no. 1018643) and company limited by guarantee (no. 02673194). It is governed by its membership that meets annually. The membership elects a Council of Trustees that meets quarterly to guide the work of the alliance and to provide and support functions of good financial and organisational governance. Each Sustain project or policy campaign is advised by a working party comprising relevant member organisations and other specialists, usually chaired by a member of the Sustain Council of Trustees.

Sustain's Council of Trustees is drawn from Sustain's membership, with annual elections to refresh the Trustee membership on a rolling basis. Trustees routinely publish declarations of interest on the Sustain website. These are also declared and updated where necessary at each quarterly Sustain Council meeting, and are always available for scrutiny. Sustain's senior management team reports to the Sustain Council of Trustees and is responsible for implementing Sustain's Ethical Funding Policy.

Sustain alliance membership is open to national organisations that do not distribute profits to private shareholders and which operate in the public interest. The organisations must be wholly or partly interested in food or farming issues and support the general aims and work of the alliance. All member organisations have a chance to join project or campaign working parties. These are also open to others interested in a progressive agenda, including profit-making organisations, and we greatly benefit from such expertise and connections. However, due to their sometimes wider membership, working parties remain 'advisory' – they are not steering groups. Membership of a working party does not confer voting rights, nor automatic opportunities to claim connection with Sustain or its thematic networks, nor to influence policy or editorial decisions. Sustain's working parties are governed by Terms of Reference that set the parameters for defending Sustain's independence, managing conflicts of interest, promoting good working relationships, and enabling Sustain to distance itself from inappropriate opinions or activities, should these emerge.

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Sustain also plays a lead or partnership role in several alliance activities that are run by groupings that do not come either directly or wholly under Sustain management and governance structures, but for which we sometimes have funding or reporting relationships and responsibilities. In 2017, for illustrative purposes, these include Sustainable Food Cities and the Alliance to Save Our Antibiotics – these are managed by the Soil Association and Compassion in World Farming, respectively, and in each case Sustain is a founding member and serves on the national steering group. For the former, Sustain receives grant funding to pay for staff time, and passes on grants to participating cities through a competitive funding process with its own governance structure; for the latter, Sustain typically receives no income, or occasionally a nominal contribution towards costs.

Sustain's approach to funding

Sustain is a not-for-profit organisation and a registered charity. We need to raise money to pay staff salaries and for volunteer expenses; to run project activities; pay relevant taxes and national insurance; pay for goods and services; and to pass on as grants to the communities we work with.

All of Sustain's work is guided by values and principles of achieving a healthy, fair, humane and sustainable food system. Our detailed definition of "healthy and sustainable food" has been consulted on extensively with members and others, see: www.sustainweb.org/sustainablefood/. We also have shared concerns that are highly relevant to the food system, but go beyond food, farming and fishing, such as tackling climate change, conserving biodiversity, upholding human rights, and promoting economic prosperity and sustainable development that benefit the many, not just the few – at home and around the world.

Hence, we aim to ensure that funds we accept reinforce our values and principles, and do not detract from them. We have always strived to ensure that: "No funding is accepted from any source that would compromise, or appear to compromise, the alliance's principles."

Sustain's funding sources

The sources of Sustain's funding vary in relative proportion and balance at different times, but here we paint a picture of our typical funding situation at any one time. The following list is not comprehensive but seeks to characterise our main forms and sources of income:

- The majority of Sustain's funds come from **trusts and charitable foundations**, supporting specific projects or campaigns. In agreement with the funder(s), we acknowledge such funding on project or campaign materials. We also routinely and transparently declare such funding sources in Sustain's annual accounts.
- Occasionally, Sustain receives funds from **public sector institutions** such as local authorities, government or regional funds, usually for pilots, evaluation or project delivery work. In agreement with the funder, we acknowledge such funding on campaign or project materials. We also routinely and transparently declare such sources of funds in Sustain's annual accounts.
- Occasionally, Sustain receives **EU-derived funds**, or participates in projects (e.g. research) that is supported by EU funds but managed by another lead organisation (e.g. a university). In agreement with the funder, we acknowledge such funding on campaign or project materials. We also routinely and transparently declare sources of such funds in Sustain's annual accounts.
- Sustain receives **annual membership fees** from our 100-or-so national members. These are calculated according to annual turnover of organisations, and are negotiable if an organisation might find difficulty in accessing membership for financial reasons. We work on a 'one organisation, one vote' basis, so higher fees do not buy greater voting rights. Income from membership fees is declared as an aggregate sum in Sustain's annual accounts.
- Some **members also make additional financial or in-kind contributions** towards successful implementation of projects or campaigns. These are typically between a few hundred pounds to a few thousand pounds in value, and we acknowledge such funding on campaign or project materials, and in Sustain's annual accounts, as appropriate.

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- Sustain receives **regular ‘Supporter’ donations from individual members of the public** (the majority under £30; occasionally for £100 or more; very occasionally larger) towards our public-facing networks, such as the Real Bread Campaign or London Food Link. Note that such local or thematic networks are open to individuals, institutions or companies. We do not actively vet the sources of such income, except of occasional larger amounts. ‘Supporter’ status confers no voting rights, nor opportunities to claim special connection with Sustain or its thematic networks without our explicit agreement, nor to influence policy or editorial decisions. We treat any such donations as anonymous and charitable, unless a larger amount triggers the need to declare this in our accounts. We reserve the right to refuse and return any donation, at the discretion of Sustain’s senior management team and/or Council of Trustees, if it might “compromise, or appear to compromise, the alliance’s principles”, and we have sometimes exercised this right.
- Sustain receives **occasional one-off donations from individual members of the public** towards projects, in response to an appeal, a raffle, at an event, or following download of a publication.
- Sustain receives **payment for advertisements** in Sustain's local or thematic network magazines, specifically *True Loaf* (Real Bread Campaign) and *Jellied Eel* magazine (London Food Link Network), or could accept advertising sponsorship of an activity such as an event or award. These payments seek to recoup the costs of running publications and events and are governed by a separate ethical advertising policy, also approved by Sustain's Council of Trustees. Under the terms of that policy, we do not accept advertisements for defined types of product or company, and we do not accept ‘advertorial’, this being an inherently misleading form of advertising that seeks to blur the important line between paid-for advertising and editorially independent content. We publish our ethical advertising policy online, e.g. at: www.sustainweb.org/jelliedeel/advertise/#policy.

For Sustain, the principle of transparency is key. We prefer to publish openly and routinely our sources of funding. Occasionally, a funder may prefer to remain lower profile, which is their right – perhaps to avoid unsolicited approaches from other groups. However, Sustain has a statutory obligation as a charity to declare funding sources in our annual accounts, so all larger funders must understand and be able to comply with this. Additionally, if we were ever to find ourselves seeking to disguise a source of funding, then that should trigger us to question whether it is an appropriate source of funding for Sustain at all.

Sustain’s funding exclusions

We aim to ensure that funds we accept reinforce our values and principles, and do not detract from them. We have always strived to ensure that: “No funding is accepted from any source that would compromise, or appear to compromise, the alliance’s principles.” We therefore exclude funds, sponsorship, and advertising in any of Sustain’s publications that take paid advertisements, from:

- Large national or multinational food, fishing, farming, bio-tech or agri-tech corporations.
- The fossil fuel industry and those associated with large-scale extractive or environmentally destructive industries such as mining, unsustainable forestry and unsustainable marine activities.
- Companies that derive profits from the manufacture or sale of arms, landmines, pornography, modern slavery, or from activities resulting in human rights abuses.
- Tobacco and pharmaceutical manufacturers and large alcohol companies (see note below).
- Trusts and foundations that blur the boundaries between charitable donation and corporate brand-building. There is no hard-and-fast rule, but for example if a Trust’s name is closely linked to a food or drink brand, or if there are conditions of a grant that require commercial brand promotion, then Sustain would need to question that relationship before considering accepting funds, and such limitations are more than likely to lead us to decline, politely, what is essentially sponsorship.
- Trusts and foundations that receive substantial funds from, or invest substantially in, activities at odds with Sustain’s values and principles.

The practical upshot of this is that, generally, we do not usually accept corporate funding. However, we have not ruled this out completely, and have sometimes accepted funds from larger companies with a co-operative structure that do business explicitly on ethical values. This is a tricky area, and requires

careful navigation. Any such proposed arrangement would be referred to the Sustain Council of Trustees as part of negotiation and agreement, and in the context of our Ethical Funding Policy.

Additional note on tobacco, alcohol and pharmaceutical companies

Our intention is clear – to exclude funding or advertising from large corporations that manufacture products harmful to human health (in the case of tobacco and alcohol), or whose funding might compromise or appear to compromise the alliance’s principles, particularly on health-related issues (pharmaceutical companies are in this category). We add this note to clarify the purpose of the above exclusions. However, we recognise that – for example – some small and independent retailers, post offices and co-operatives may sell tobacco, alcohol or pharmaceutical products as a small part of their wider range. Also that craft production of beverages – alcoholic or otherwise – may on occasion be promoted by Sustain or our projects to support SMEs, skills, traditional products and local economic benefits. Our exclusion therefore does not necessarily exclude small trading enterprises that may sell tobacco, alcohol or pharmaceutical products as a small part of their offer, nor will it necessarily exclude production of alcohol at a small and craft scale. However, we will still treat such connections with care.

Due diligence

These are all fine words, but we must also note that in practical terms, it is difficult for Sustain to vet all sources of funding to the degree that would guarantee compliance with our values and principles. Additionally, opinions may vary as to the extent of the discontinuity between a funder’s source of funds or activities and Sustain’s Ethical Funding Policy, as well as to the extent to which this might compromise, or appear to compromise, Sustain’s values and principles. Sometimes it will be a matter of judgement. So we do our best, working on well-documented information accessible in the public domain, from specialist advisors, and from specialist assessments by organisations such as Ethical Consumer and ShareAction, as well as through informed debate and transparent dealings.

Sustain’s Council of Trustees puts trust in the experienced management team to pursue funding opportunities under the terms of the ethical funding policy. The management team will bring any unresolved queries about compliance to Council for discussion. Should questions arise, these are discussed by the Council, and if a decision is needed this can be resolved through discussion or – where a consensus cannot otherwise be reached – put to a vote, in line with the procedures set out in Sustain’s memorandum and articles of association.

As an additional risk management tool, Sustain will ask funders to insert a clause into funding contracts (where we are able to do so, and where a clause fulfilling a similar function does not already exist). The purpose will be to enable Sustain to withdraw from a funding arrangement if the Sustain Council deems this necessary to protect Sustain’s integrity. The preferred wording of such a clause is as follows:

“Sustain reserves the right to withdraw from a funding arrangement, with due notice and open communication with the funder, if the arrangement is later deemed by Sustain’s Council of Trustees to compromise, or appear to compromise, the alliance’s values and principles, with reference to Sustain’s Ethical Funding Policy and routine risk management process.”

Sustain’s own behaviour as an (occasional) funder

Sustain sometimes manage grants to pass on to local communities; acts as the lead partner in a partnership funding arrangement; or acts as a subsidiary partner in a project managed by others. Such arrangements have considerations in the context of our ethical funding approach.

As a funder, Sustain prides ourselves on acting professionally and ethically. We endeavour to make fair and transparent arrangements, communicate openly and politely, resolve any difficulties promptly, keep exceptionally good records and make prompt payments. Where we run, lead or collaborate in running a competitive grants process, we ensure that this is run fairly, guided by principles of equal opportunities, and in line with the objectives and rules of the funder. Where such grants or funds are

substantial, and where there may be specific reporting requirements for recipients, we govern such arrangements with an agreement suited to the size of the grant, the mutual expectations and the capacity of the recipient organisation. This may range from a simple letter of agreement, memorandum of understanding, through to a full partnership agreement or grant contract. All such agreements have a dispute resolution process built in, to enable fair and transparent resolution of any difficulties.

In addition, there are other possible ways in which Sustain may pass on funds. For example:

- Sustain occasionally manages funds for others, with full knowledge and agreement of the funder and all recipient parties. We typically do so on behalf of an organisation that is either too small, or not sufficiently established, to manage a grant payment effectively. Any substantial payments of this kind (e.g. a few hundred pounds or more) must be fully declared and explained in Sustain's annual accounts. Hence, these have implications for our reputation and apparent sources of income – even if Sustain is only a conduit and does not benefit financially, or receives only a contribution towards our financial management costs. Hence, such arrangements must also be agreed in the context of our Ethical Funding Policy. Sustain reserves the right to refuse or terminate any such arrangement at the discretion of our Council of Trustees.
- Partnership working can lead to challenges if a project partner independently of Sustain wishes to accept funds from a source, or with contractual conditions, that Sustain itself would not be comfortable to accept. We deal with such questions on a case by case basis, overseen by Sustain's senior management team, with any unresolved questions referred to Sustain's Council of Trustees as part of our routine risk management process.
- Sustain occasionally collects and/or distributes public donations that may have been collected, organised and passed on by commercial organisations. The Children's Health Fund (www.childrenshealthfund.org.uk) is a recent example. This has been managed carefully and transparently, to ensure that it is clear that Sustain has collected and/or distributed funds from individual members of the public, and not from food businesses, nor for commercial brand benefit.
- Sustain sometimes acts as a conduit to pass on funds or other support to the communities we work with. These have very occasionally come from corporate sources, or from charitable sources that Sustain might not otherwise be involved with. We have agreed to do so on the principle that it is not up to Sustain to decide for others what funds others choose to accept, and that Sustain will not benefit financially from acting as such a conduit. However, if this arrangement might compromise or appear to compromise Sustain, then we would encourage that funder to find another way to pass on funds to the communities we work with, enabling us to maintain distance.

As a point of principle, Sustain treats public donations with the respect that individual donors deserve. We are compliant with the Data Protection Act and the rules of the UK's fundraising regulator, inform individuals of how their data will be used, and do not pass on data to third parties, except in exceptional circumstances and with consent. We thank people for their donation and use those funds respectfully, efficiently and for the purpose they were donated. We evaluate our work and beneficial impact. Wherever we can, we report back on the beneficial impact that donations have achieved.

Agreed by Sustain's Council of Trustees at their quarterly meeting, May 2017, with further minor comments taken in and agreed with Council by email, June 2017

Review date: July 2020, or earlier if necessary