

Procedures for the Ethical Review of Grants and Donations

A. Introduction

These procedures set out the acceptance process for all major gift donations, in accordance with the Donations Acceptance Policy.

In accordance with the Donations Acceptance Policy, no individual, centre or department should request a grant or donation from an individual, foundation, company, friends group or any other organisation without first consulting LSE Philanthropy and Global Engagement (PAGE) or the Research and Innovation Division at an early stage. This does not apply to discussions over grants from the Economic and Social Research Council.

B. Procedures for the review of grants and donations

1. Proposed grants and donations from the UK government, UK Universities¹, funding councils and related bodies within the UK, USA or EU or the UN System² will not be subject to the due diligence process and can be progressed to the signing of an appropriate agreement with the funder in accordance with the Donations Acceptance Policy.
2. Proposed grants from grant giving bodies which are subject to competitive, peer-reviewed, bids for funds will undergo due diligence, as advised by the Director of Research and Innovation Division in accordance with the *Guidance for the Assessment of Grants and Donations (Annex B)*
3. All proposed donations resulting in an association with a non-UK government or

¹ Regulated by the Office for Students

² UN Funds, Programmes, Specialized Agencies and Related Organizations

government body will be subject to the Sovereign State risk policy and process.

4. All proposed donations from parents or close relatives that are acceptable, according to the principles set out in the Donations Acceptance Policy, which do not support the School's unrestricted funds, will be subject to due diligence and review consistent with the procedure set out at B5.

5. Procedure for all other major gift donations:

5.1 Initial due diligence³ will be conducted for all proposed donations between £100,000 and £249,999 and will be subject to review within the Secretary's Division by the Chair of the Ethics (Grants and Donations Panel), via referral from the Ethics Manager as required. The Chair will agree one of the following options and may consult the Director of Communications to advise on reputational risk prior to deciding either:

- i) approve the progression of the donation or funding;
- ii) reject the progression of the donation or funding;
- iii) refer the case to the Chair and an additional member of the Ethics (Grants and Donations) Panel;
- iv) request full due diligence or further research, as appropriate

5.2 Full due diligence⁴ will be conducted for all proposed donations of £250,000 and above which will be subject to review by and approval from the Ethics (Grants and Donations) Panel via an 'expedited review' process. Expedited review will be undertaken by the Chair of the Ethics (Grants and Donations) Panel and an additional Panel member who will either (i) approve the acceptance of the donation or funding from the donor or funder (ii) reject the donation or funding from the donor or funder or (iii) refer the case to Ethics (Grants and Donations) Panel.

5.3 Proposed donations of £5,000,000 and above will automatically be reviewed at the next meeting of the Ethics (Grants and Donations) Panel. The EGDP will either (i) approve the acceptance of the donation or funding from the donor or funder (ii) reject the donation or funding from the donor or funder or (iii) refer the case to Ethics Management Group where the Panel is unable to reach majority agreement (according to its terms of reference) or may refer to it any other matter which raises particular difficulties setting out its recommendations and the reasons for them.

³ Initial due diligence provides an overview of a funder to identify any potential areas of ethical and reputational risk concerning the donor. Research is conducted to establish source of wealth and a standardised string of negative terms is used on Lexis Nexis (or any equivalent due diligence product or news database) and on the Google search engine designed to highlight potential areas of concern. A minimum of 50 results from the previous 7 years are reviewed in total. The due diligence also provides a brief description of the funder's background and any previous donations to the School.

⁴ Full due diligence provides a more in depth review of potential areas of ethical and reputational risk directly concerning the sources of the funding (i.e. secondary funders; 'funders behind the funder' and history) and relating indirectly to the sources of funding (i.e. family and affiliates). More extensive negative news searches are conducted than for initial due diligence in terms of the subjects researched, search parameters used (previous 14 years) and number and of results reviewed (minimum of 100 results in total). It also aims to provide a comprehensive overview of the funder's background, their philanthropy and their giving relationship with the School. Additional resources, such as sanctions databases, will also be used and standard searches modified to produce a more relevant set of results regarding potential ethical or reputational risks. The potential areas of concern are summarised at the beginning of the briefing and sources are cited in footnotes.

6. Proposed donations under £100,000 will also be subject to initial due diligence and review in accordance with section B5.1 where:
 - i) there are potential ethical or reputational issues, as outlined in the *Guidance for the Ethical Assessment of Grants and Donations (Annex B)*, are uncovered through prospect research or donor contact
 - ii) the source of funds is an individual or organisation differing from the donor to be credited with the donation
 - iii) space, position or object will be named after the donor, or after a different name proposed by the donor, or has co-naming rights between LSE and the donor.

7. In cases where a proposed donation includes naming recognition other than for the donor, the proposed name will also be subject to due diligence, and will undergo review in accordance with the procedures set out at B5 above.

8. Proposed donations are to be submitted for due diligence when the donation purpose and amount has been discussed with the donor. In exceptional circumstances where potential ethical issues with a donor are known, and it is anticipated that developing the relationship would involve considerable time, due diligence will be undertaken in the absence of a proposed donation and reviewed in accordance with the procedures set out at B4, after consultation with the Director of PAGE.

9. Renewed due diligence on repeat donors will be conducted every three years, unless the next proposed donation;
 - i) Is higher than the previous threshold at which the donor was approved (i.e. the new proposed donation from the existing donor exceeds £250,000 or £5,000,000);
 - ii) Has associated co-naming rights between LSE and the donor;
 - iii) Is associated with a non-UK government or government body, and deemed medium or high risk according to the Sovereign State Risk policy and process.
 - iv) Includes naming recognition for the donor, or in memoriam of another individual or entity
 - v) Emerges at a time that the donor is since a parent or close relative of a current student
 - vi) Poses any potential ethical issue or cause for concern in relation to the *Guidance for the Ethical Assessment of Grants and Donations (Annex B)*, with particular attention to whether the donation purpose impacts the previous ethical assessment of the donor.

Under these circumstances due diligence will be conducted and reviewed in accordance with procedures set out at B5 above.

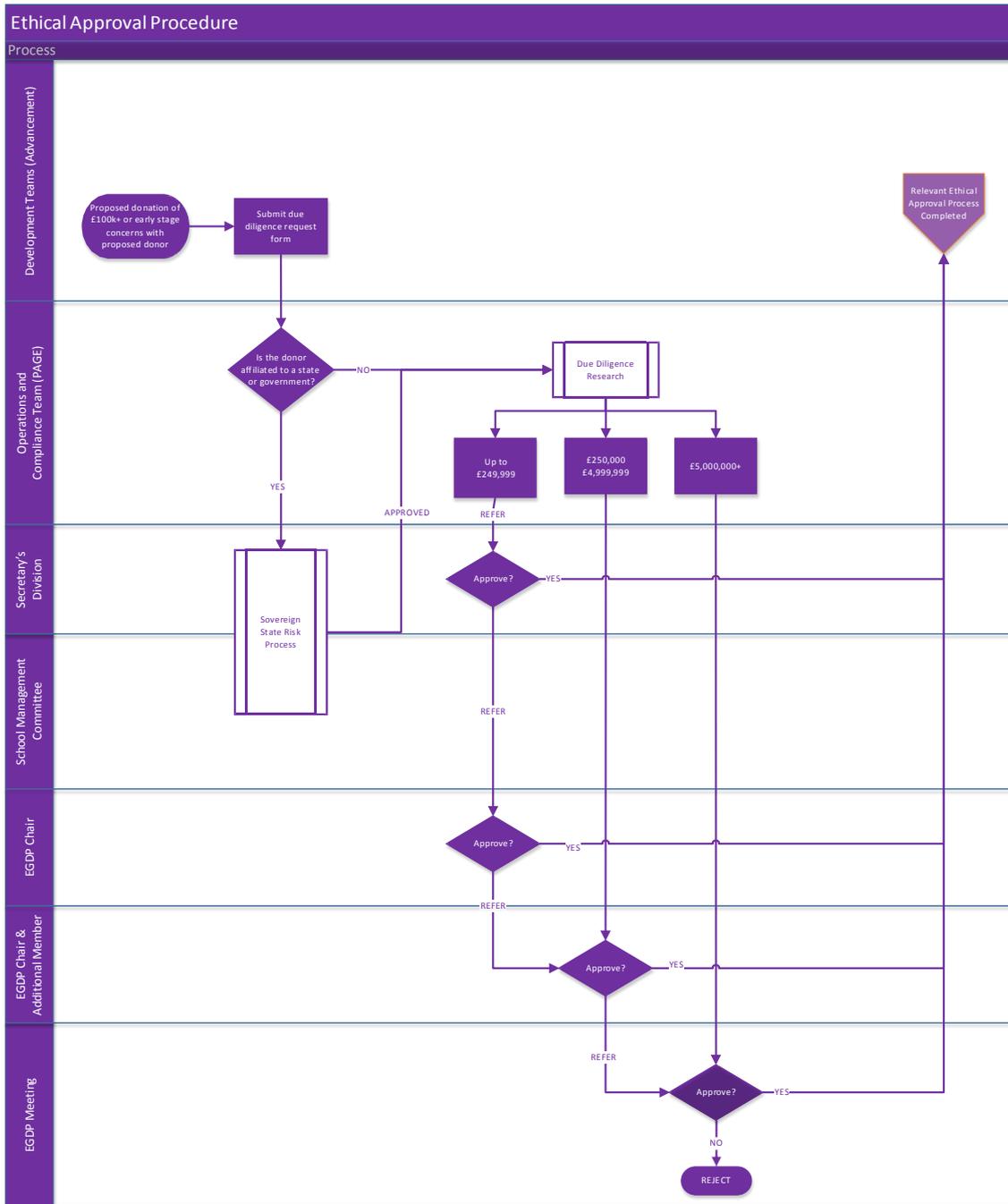
10. Decisions on whether prior due diligence approval for one company will apply to another company within the same corporation (parent or subsidiary) will be determined, case by case, by the Chair of the Ethics (Grants and Donations) Panel.

11. Both legacy gift intentions (proposed legacy donations) and bequest notifications/bequests received will be subject to due diligence and review in accordance with the procedures set out in B5.

C. Management and reporting

1. All donations of between £100,000 and £249,999 that have been approved or rejected by the Chair of the Ethics (Grants and Donations) Panel will be reported to the Ethics (Grants and Donations) Panel at each scheduled termly meeting.
2. All donations that have been approved or rejected by the Chair and an additional member of the Ethics (Grants and Donations) Panel will be reported to the Ethics (Grants and Donation) Panel at each scheduled termly meeting.
3. PAGE will record all due diligence and related decisions on the database that PAGE manages on behalf of LSE.

Annex A: Ethical Approval Procedure



Annex C: Guidance for the Ethical Assessment of Grants and Donations.

Status: This guidance is appended to the Procedures for the Ethical Review of Grants and Donations.

1. Cases of high ethical risk, to be referred to the Ethics (Grants and Donations) Panel

The following criteria will be considered when deciding whether to refer a matter :

- a) Serious legal, ethical or reputational issues are found in relation to the sources of funding (funder/s), including but not limited to:
 - i) Significant proven cases or allegations of (including but not limited to):
 - Illegal conduct e.g. money laundering, fraud, bribery, corruption, organised crime
 - Other financial misconduct e.g. tax evasion, insider trading
 - Human rights abuse e.g. child labour, human trafficking, poor working conditions
 - Terrorism or political engagement with controversial, anti-democratic or sanctioned regimes e.g. Iran
 - Environmental damage e.g. deforestation, toxic waste
 - Sexual Misconduct
 - ii) Significant involvement in 'caution' industries (including but not limited to):
 - Arms dealing and manufacture
 - Tobacco manufacture
 - Coal mining or Oil/Tar sands extraction
 - Animal Testing
 - Pornography
 - Gambling
- b) Proposed funding which may conflict with other acceptance principles outlined in the Donations Acceptance policy (Appendix A); compromising the independence of LSE and/or are counter to LSE interests;
- c) Any other matter connected with acceptance of proposed funding or ongoing relations with a funder that raises issues of a legal, reputational, ethical or similar nature;
- d) Cases in which material information is received about a funder or funding (including a series of funds) after the funding has been given which might breach the guidelines;
- e) Funding shall only be accepted if the identity of the funder is known. Funding will not generally be accepted if an intermediary negotiates a benefaction on behalf of the funder who requires complete anonymity. Whilst the School may agree that it will not publicly acknowledge the name of the funder, the identity of that funder must be explicitly known to PAGE in order to carry out the

necessary due diligence.

2. Criteria to be drawn to the attention of the Ethics (Grants and Donations) Panel

The following criteria will be taken into account in the consideration of any case:

- a) any possibility that the funding under consideration is or might be associated with illegal activities under the Proceeds of Crime Act, the Bribery Act or anti-terror financing legislation.
- b) any possibility that acceptance of the funding or any of its terms may not be in the best interests of the School on account of any one or more of the following:
 - i. where the activities of a funder are in conflict with the objectives and agreed policies of the School or its beneficiaries;
 - ii. where conditions imposed by a funder run counter to standard academic practice or would impose on the School academic objectives contrary to those already agreed by the school;
 - iii. where the offer of support is dependent on the fulfilment of conditions placed upon the School which are perceived to be too onerous or counter to the School's objectives;
 - iv. where acceptance would be unlawful or otherwise counter to public interest;
 - v. where the money derives from a source counter to the School's objectives;
 - vi. where a funder has had a reputation compromised in some way, and the behaviour which led to the funder's reputation being compromised has not clearly ceased or the reputation remains compromised.
 - vii. where for any of the above or some other reason the acceptance of the funding would involve an unacceptable risk of reputational damage to the School

Review schedule

| Review interval | Next review due by | Next review start |
|-----------------|--------------------|-------------------|
| 3 year | March 2022 | October 2021 |

Version history

| Version | Date | Approved by | Notes |
|---------|---------------|-------------------------------|---|
| 1.0 | June 2012 | Council | |
| 2.0 | November 2016 | Ethics Policy Committee / SMC | |
| 3.0 | January 2019 | SMC | Noted by Ethics Committee – February 2019 |

Links

| Reference | Link |
|--|---|
| Acquisition and Management of Artworks Policy | http://www.lse.ac.uk/intranet/LSEServices/policies/pdfs/school/artPol.pdf |
| Donations Policy | http://www.lse.ac.uk/intranet/LSEServices/policies/pdfs/school/donPol.pdf |
| The Ethics Code | http://www.lse.ac.uk/intranet/LSEServices/policies/pdfs/school/ethCod.pdf |
| The Ethics Code Guidance | http://www.lse.ac.uk/intranet/LSEServices/ethics/ethics-images/EthicsCodeGuidance2014v2xx.pdf |
| Financial Regulations | http://www.lse.ac.uk/intranet/LSEServices/financeDivision/Financial%20Regulations.aspx |
| Policy Against Bribery and Fraud | http://www.lse.ac.uk/intranet/LSEServices/policies/pdfs/school/fracPol.pdf |
| Pricing and Costing Procedure | [Link to be added] |
| Scheme of Delegated Legal Authority | [Link to be added] |
| Ethics Protocols on Admissions Conflicts of Interests Policy | [Link to be added] |

Contacts

| Position | Name | Email | Notes |
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Communications and Training

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| Will this document be publicised through Internal Communications? | Yes |
| Will training needs arise from this policy | Yes |
| If Yes, please give details PAGE staff training on responsibilities in relation to the Procedures. | |