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Written By:	**Emma Clark Gratton**
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Background

MSI Asia Pacific ("MSIAP") and its partners, are specialist sexual and reproductive health, non-governmental organisations (NGO) working in Asia and the Pacific to improve the sexual and reproductive health and rights (SRHR) of all people.

Our mission is **children by choice, not chance**.

Principles

The purpose of the Donation Acceptance Policy is to enable transparent, considered, and consistent decision-making regarding the acceptance, refusal, and return of donations and gifts, and to provide assurance to potential supporters of the organisations professionalism and integrity. MSI Asia Pacific welcomes and accepts with sincere gratitude donations, bequests (gifts in wills) and philanthropic grants from individuals, businesses and other organisations that support our vision and mission.

We use donations to support our work in achieving our mission and vision.

All fundraising activities conducted by MSI Asia Pacific will be always done without the use of harassment, intimidation, or coercion, and in accordance with the Fundraising Institute of Australia's Code of Conduct and the ACFID Code of Conduct.

To maintain compliance with the above Codes of Conduct, all staff members of MSI Asia Pacific's Senior Management Team, Fundraising and Communications and Finance teams are required to undertake the Fundraising Institute Australia Code of Conduct training program every two years.

Scope

This Policy applies to donations from companies, high-net-worth individuals (HNWI), trusts or foundations over AUD$30,000 OR who fall into the Amber categories outlined below.

This Policy does not apply to:

- donations from recognised governments, state funded or public sector companies, bodies, organisations or authorities, or supra-national organisations (including bodies of the United Nations and European Union).

This outlines a) the framework for Gift Acceptance for qualifying donations; b) the process and procedures for due diligence reviews of qualifying donations.

Policy

MSIAP will not accept donations from donors in these sectors or industries.

- Weapons manufacturing and sales, including military and defence
- Breastmilk substitutes that do not meet WHO guidelines
- Tobacco and vaping
- Any illegal activities

Due Diligence Required

MSIAP will conduct due diligence for donors in these industries and make an informed decision as to the risk posed to MSIAP by accepting the donation. This does not mean that MSI will accept the donation.

- Pharmaceuticals
- Alcohol
- Data/technology

MSIAP will conduct due diligence for donors known or suspected to have problematic conduct or poor business practices. This does not mean that MSI will accept the donation.

- Human rights violations
- Exploitation of women and children
- Money laundering suspicions
- Poor environmental practices
- Poor labor practices
- Poor business practices

Due Diligence Process

For Donors or proposed Donors either a) giving over AU$30,000 OR b) in the Due Diligence Required categories, the following due diligence process must be followed.

1. **Due Diligence Research Report** completed by Philanthropy Manager and saved in Donor's CRM record.
2. Database vetting checks completed by officer in charge of risk and compliance database (Financial Accountant) and saved in Donor's CRM record.
3. Director of Fundraising and Communications provides overall assessment based on above documents, assigning a risk based on the MSIAP Risk Policy.
4. For cases where a risk is flagged as Orange, review by Executive Officer is required. In cases where a risk is flagged as Red, review by MSIAP Board is required.

Due Diligence Research Report includes the following information:

- Conducting background research on the potential Donor, their capacity to give and sectors previously donated to, areas of concern identified as outlined in the Policy, and any mitigating factors (refer to Appendix 1). Research will be compiled into a Due Diligence Research Report using publicly available information. Each donor will be assigned a risk level based on the Risk Matrix outlined in the MSIAP Risk Policy.

For Donors that MSIAP had an existing relationship with prior to the implementation of this Policy, a database vetting check will be undertaken before funding is extended, renewed or new funding obtained.

A satisfactory database vetting check is required for MSIAP to enter a funding agreement with a Donor and is valid throughout the term of the Donor agreement. If MSIAP is made aware, during the term of the Donor agreement, of a new risk alert via the automated database notification system, MSIAP will reassess the Donor based on the newly acquired information.

For donations over $30k to the MSIAP website, we will conduct Due Diligence on the donor as per the above process.

Framework to understand potential risks

Potential risks to be considered when conducting and analysing due diligence fall into the following categories:

Sensitivities regarding MSIAP's business operations - These are potential contributions that might interfere with MSIAP's operations. This includes:

- Reputational risk: Associating with a donor in a manner that harms MSI's reputation could affect funding, clients, and otherwise interfere with MSIAP's operations.
- Security risk: A contribution that jeopardizes the security of our clients or staff endangers MSI's ability to conduct its operations.
- Legal risk: A contribution that compromises MSIAP's ability to comply with its legal or regulatory obligations could damage MSIAP's operations.

Sensitivities regarding MSIAP's values -- These are potential contributions from donors whose businesses conflict with MSI's values by contributing to or profiting from general social harm. MSIAP's societal values include promotion of human rights, gender equality, dignity, equity, MSIAP's diversity and inclusion principles, community health, the environment, and good governance.

Sensitivities regarding MSIAP's mission in certain geographies or communities – These are potential contributions from donors whose businesses contribute to harms that affect MSI's clients, and communities and countries whom MSIAP serves more generally. This would include donors whose businesses perpetuate climate change, conflict or disaster, exploitation of the communities MSIAP serves, and donors who are linked to public positions that are harmful to our clients or undermine our mission.

References

MSIAP Due Diligence Policy
MSIAP Safeguarding and PSEAH Policy
DFAT PSEAH Policy
ACFID Code of Conduct
MSI Code of Conduct
MSI Modern Slavery Policy
MSIAP Risk Matrix
MSI Global Gift Acceptance Policy

Appendix 1

Ethical decision-making regarding donor due diligence

The below guidance can be used when considering the net community benefit of accepting a donation.

The sensitive business sectors and practices listed above cannot be assessed in a vacuum. Where a donor's business might comprise sensitive business sectors or practices listed in Section B above, there are various potentially mitigating factors to consider when evaluating the level of risk that the donor poses to the MSI. For example:

How critical are the funds to pursuing MSI's mission of ensuring that every woman and girl has the knowledge, power, and access to build the life they want?

The potential benefit that can be accomplished by the contribution at issue should always be weighed against the potential for harm. Although this could indicate that MSI is more willing to accept larger contributions, larger contributions often come with greater risk as well.

What is the extent of the visibility of the contribution?

Less visibility may expose MSI to less reputational, and in certain circumstances, geopolitical risk than a high visibility contribution. If a donor requires high visibility, this could indicate the donor's intention to use the contribution to launder its reputation without committing to good societal values itself.

How long ago did the problematic activities take place?

Problematic conduct that occurred within the last 5 years is riskier than older conduct, particularly where the donor has taken steps or made changes that ameliorate the risk in the meantime.

What measures, if any, did the donor take to address its problematic activities?

A donor's response to potentially problematic conduct is particularly important. Adopting policies, conducting investigations, issuing public statements are examples of the kinds of measures that might mitigate risk, particularly where research uncovers no incidents within the past 5 years.

Whether the donor's remedial measures were evaluated and/or approved by an independent third party is an important consideration. Contributions that involve a partnership with MSI as part of the donor's effort to improve its internal problematic practices are less risky than contributions that serve to outsource good works or launder a bad reputation. One indicator of whether MSI is being used to outsource good works is whether the donor has evidenced commitment to change already by, for example, prior internal efforts to address the problems.

To what extent does the donor's business involve or rely on problematic activities?

Where a donor provides goods or services to, or is otherwise tied to, businesses in sensitive industries, a contribution from the donor is still potentially acceptable if such business constitutes a minority of the donor's overall business activities.
For example, an investment bank that invests in firearms manufacturers is not precluded from partnering with MSI where such investments constitute a small percent of the bank's overall activities.

The less direct a donor's involvement with the problematic business sectors and practices the less risk the contribution poses.
For example, consider the theoretical donor that is the corporate foundation of a corporation that manufactures braking devices and has clients in the defence sector that use the brakes in army tanks. The risk posed by the defence sector in this example is mitigated by two degrees of separation. The risk in this example would be further mitigated if defence clients constitute a small percentage of the corporation's business. In addition, it is important to note that the more the donor entity is independent and insulated from the entity or individual raising potential concerns, the less risky for MSI.

Does the concern involve a controversy about which two reasonable minds could differ?

Conduct that is open to various reasonable interpretations is less risky than conduct that is unequivocally inconsistent with MSI's mission and values.
Relatedly, allegations in the press or in lawsuits may pose less risk than confirmed reports or official adjudications. However, allegations relating to ongoing lawsuits and/or criminal prosecutions can pose risk depending on the nature of the related press and because such litigation may be resolved in a manner that creates a reputational risk for the MSI if we have engaged or have an ongoing relationship with the donor.

Does the donor adhere to relevant international treaties or industry standards?

The donor's public adherence to UN or other international human rights protection standards as well as any relevant industry-specific standards suggests a commitment to human rights and values that the MSI espouses.

Have peer organisations accepted funds from the donor?

Where several peer organizations have accepted contributions from or otherwise publicly partnered with the donor, the reputational risk may be mitigated. In addition, it serves as an indicator of the donor's serious commitment to charitable causes.

How do watchdog organisations evaluate the donor's commitment to CSR and protection of human rights?

Strong CSR rankings and other similar awards and rankings by reputable third parties indicate a commitment to charitable causes and may serve to mitigate risk in certain circumstances.

Has MSI already engaged with the donor?

If we have already engaged with the donor without any issues, this may indicate that another engagement with the same donor could also be successful.

How did the donor come to MSI? Was the connection made through a board member, officer, or staff member?

Whether the donor's contribution was unsolicited, or whether the connection to the donor is through an MSI staff or broad member that has personal knowledge of or experience with the potential donor may be a factor to consider in the due diligence analysis.