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Navigating the Legal Frontier: Risk, Compliance, and Governance for International Charities and Foundations

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Charities, philanthropic foundations, and other non-profits are increasingly asked to deliver impact in a heightened-risk environment, and the legal and compliance landscape governing international charitable activity has never been more complex. This article examines the legal and risk management challenges facing in-house counsel at charities and foundations delivering high-risk, high-impact programmes: the intersection of sanctions compliance, counter-terrorism financing obligations, and humanitarian exemptions, a tension generating significant operational and reputational exposure. It explores due diligence frameworks for third-party partners, evolving regulatory guidance including from the Charity Commission, and governance structures enabling responsible decision-making under uncertainty. Teams must move beyond reactive compliance and build a practical framework for running international programmes so action can be taken before problems arise.

I. The Nature of the Problem

International charitable activity sits at an uncomfortable intersection. On one side is a moral, mission-driven imperative to deliver assistance where it is most needed, often in fragile, conflict-affected, or authoritarian contexts where the rule of law is absent, eroded, or weaponised. On the other is a thickening web of legal obligations governing how funds move, who can receive them, and under what conditions engagement with a beneficiary population is legally permissible. This tension is the daily operational reality: the question is not whether an organisation will encounter sanctions risk, counter-terrorism financing scrutiny, or civil society crackdown, but when, in what form, and whether the legal infrastructure exists to respond.

The consequences of getting it wrong are serious. Regulatory enforcement by the Charity Commission can include public censure, appointment of an interim manager, suspension and removal of trustees, and personal recovery of misapplied or unaccounted-for funds. Criminal liability under the Terrorism Act 2000 and the Counter-Terrorism and Security Act 2015 also attaches to individuals, not just organisations. Reputational damage in a polarised civil society environment can be swift and irreversible, sometimes threatening the financial viability of even well-established entities. Yet organisations that retreat from difficult geographies in response to legal risk also fail their beneficiaries and, arguably, their charitable objects. This article does not counsel withdrawal: it aims to give those operating in it the frameworks, vocabulary, and practical tools to engage responsibly and compliantly.

2. The Applicable Legal and Regulatory Landscape

International charitable activity in the UK is regulated across multiple, overlapping legal frameworks. Below are some of the key provisions to consider irrespective of the activities carried out, recognising that additional legislative provisions may apply depending on context.

Charity law and regulatory guidance: The Charities Act 2011 primarily governs the constitution, registration, and operation of charities in England and Wales. This is supplemented by a wealth of online regulatory guidance, of which the Commission's toolkit on 'Protecting Charities From Harm' will likely be most relevant. To note there similar but distinct regulators, duties and statutory provisions which apply in Scotland, the Republic of Ireland and Northern Ireland respectively.

Trustees in England and Wales are subject to fiduciary duties, including duties to act in the charity's best interests, to manage its resources responsibly, to act with reasonable skill and care, and to comply with the law. The Charity Commission, as registrar and regulator, has an extensive range of powers to address compliance issues, including opening statutory inquiries, appointing interim managers, or referring matters to law enforcement. The Commission has in recent years increased its enforcement activity in relation to international operations, including failures to manage conflicts of interest among overseas implementing partners and inadequate oversight of restricted grant funds, a direct response to the growing scope and complexity of overseas giving, often in high-risk or unstable contexts. Issues identified from casework range from inadvertent loss of assets to intentional misuse or abuse of funds by those working for or on behalf of charities.

In June 2026 the Charity Commission published updated guidance, Making grants to charities and other organisations, clarifying what trustees must do when funding other bodies. It does not alter the underlying legal position, that all grant-making must further the charity's purposes for the public benefit, but it sharpens expectations. Trustees are responsible for setting and reviewing funding priorities; higher-risk or novel decisions should not usually be delegated, and any delegation requires written terms of reference and robust reporting.

The guidance is explicitly risk-based: charities must take proportionate steps to ensure risks are understood and monitored throughout the life of a grant, with more checks where risks are higher. Written grant terms are required and must cover how funds are to be used, delivery timing, monitoring, and consequences of breach, proportionate to risk. The recipient must actually understand what the grant can and cannot be used for; a signed agreement the partner has not absorbed is not compliance. Monitoring must demonstrate both that the grant furthered the charity's purposes and that resources were managed responsibly.

Financial sanctions: The UK financial sanctions regime, administered under the Sanctions and Anti-Money Laundering Act 2018 (SAMLA) and country-specific regulations (including the Russia (Sanctions) (EU Exit) Regulations 2019 and the ISIL (Da'esh) and Al-Qaida (United Nations Sanctions) (EU Exit) Regulations 2019), prohibits UK persons from making funds or economic resources available, directly or indirectly, to designated persons or entities. The Office of Financial Sanctions Implementation (OFSI) administers the regime and can impose civil monetary penalties or refer cases for criminal prosecution. Since the Economic Crime (Transparency and Enforcement) Act 2022 expanded OFSI's powers, civil penalties can be imposed on a strict liability basis: absence of knowledge is no longer a defence, though it remains relevant to quantum. In practice, the prohibition extends beyond direct payments to a designated person: it can be breached by making funds available to an entity owned or controlled by a designated person, which is why beneficial ownership screening is a core part of sanctions due diligence.

Charities above certain thresholds may qualify as obliged entities under the Money Laundering Regulations 2017. Even where they do not, the broader AML framework requires trustees to remain alert to the risk that charitable funds may be misused for money laundering, particularly acute where informal value transfer mechanisms (hawala and similar) form part of the operational infrastructure.

Fraud and economic crime. The corporate offence of failure to prevent fraud (section 199, Economic Crime and Corporate Transparency Act 2023, in force from 1 September 2025) applies to charities as it does to companies. A 'large organisation' (meeting two of three thresholds: more than 250 employees, turnover above £36 million, or a balance sheet total above £18 million, across a parent and its subsidiaries) commits an offence where an associated person commits a listed fraud offence intending to benefit the organisation, regardless of actual benefit or senior management's knowledge. The penalty is an unlimited fine; the only defence is reasonable fraud prevention procedures. "Associated person" is broad, capturing agents, subsidiaries, and anyone performing services for the organisation, extending into the delivery chain, and the offence has extraterritorial reach with a UK nexus. Home Office guidance frames reasonable procedures around six principles: top-level commitment, risk assessment, proportionate prevention procedures, due diligence, training, and monitoring and review, best read alongside the Commission's grant-making expectations rather than as a separate exercise. Section 196, attributing senior managers' offences to the organisation, applies regardless of size.

Counter-Terrorism: The Terrorism Act 2000 creates offences relating to the provision of financial or material support to proscribed organisations, and to the use or possession of property for terrorist purposes. For charities operating in conflict-affected areas, the practical risk is not typically direct engagement with designated terrorist organisations, but the diversion of funds through implementing partners operating in environments where designated actors are present and may seek to extract resources. The NCA and the Counter Terrorism Policing network have both increased engagement with the charity sector on these risks. Certain statutory defences can be considered, but this area needs specialist, often pre-emptive, advice.

Data: International programmes involving personal data, including beneficiary data, partner employee data, and safeguarding records, are subject to the UK GDPR and the Data Protection Act 2018. Transfers to third countries require an appropriate legal basis, but many implementing contexts lack adequacy decisions, and using standard contractual clauses in fragile-state environments requires careful thought.

Tax implications: the Finance Act 2010, a payment to an overseas body qualifies as charitable expenditure for UK tax purposes only if HMRC is satisfied that trustees took reasonable steps to ensure the money would be applied for charitable purposes. If not, the payment is treated as non-charitable expenditure and the charity loses its tax exemption on an equivalent amount of income and gains. This places a material evidential burden on trustees, who must be able to describe the steps taken, show they were reasonable, and produce supporting documentation, including follow-up confirming proper application. Simply showing a payment reached an overseas charity is not sufficient.

3. Designing Legally and Risk-Compliant Global Programmes

One of the most persistent structural failures in international NGO compliance is the sequencing problem: legal and compliance functions are brought in after programme design decisions have already been made. By the time advisors review a partnership agreement with a local implementing partner in Gaza, Yemen, or South Sudan, the operational commitments, donor expectations, and reputational stakes are already set. This must be reversed: the design of international programmes, from the choice of geography and implementing modalities to the structure of funding flows, carries legal consequences that should be assessed at the outset.

Practically, this means:

- Legal review of programme concept notes before submission to donors. Institutional donors such as USAID, FCDO, the European Commission, and UN agencies embed compliance obligations directly into grant agreements, including representations on sanctions compliance, anti-bribery, and sub-grantee due diligence that may be more onerous than the organisation's own policies.
- Jurisdiction mapping at the outset. Before a programme is designed, identify the applicable legal regimes: the charity's country of incorporation; the country or countries of operation; the sanctions regimes of every jurisdiction whose currency or financial system will be used; and any extraterritorial legislation (notably US OFAC rules, where a US nexus exists) reaching the organisation regardless of domicile.
- Identification of legal red lines early. Some programme configurations will be impermissible regardless of mitigation. A UK-registered charity cannot provide resources, directly or indirectly, to a designated person under the UK sanctions regime without a licence. No amount of due diligence or governance oversight cures a sanctions breach after the fact; advisors must be empowered to say so clearly, and trustees must act on that advice.

4. Red Flags

Legal advisors supporting international programme design should be attuned to a set of recurring red flags that signal elevated compliance risk:

1. Opaque funding chains. Where funding passes through multiple sub-grantees before reaching the point of delivery, sanctions or CTF exposure increases at each link. Map the funding chain fully, including beneficial ownership and transfer modes, before funds are committed.
2. Geography and designation overlap. Programmes operating in territories under comprehensive sanctions (currently including Iran, North Korea, Russia/Belarus, Syria, Myanmar, and portions of Somalia, Libya, and South Sudan) face elevated risk of inadvertent breach. Ensure geography-specific legal analysis is conducted, not assumed.
3. Partner registration uncertainty. Where a partner's registration status is unclear, frequently changing, or used to target civil society, there is both a sanctions risk and a governance risk, since the absence of legal personality makes contractual accountability difficult to enforce.
4. Cash-based programming. Where banking infrastructure is unavailable, cash transfers remain a primary, and sometimes advantageous, delivery modality, but require specific legal analysis and robust monitoring in sanctioned or conflict-affected areas.
5. Political and governance uncertainty in partner organisations. Where a partner's leadership changes or faces state interference, the risk profile changes. Due diligence should be reviewed regularly throughout the programme, not just at partner selection.

5. Navigating and Protecting the Licence to Operate

The concept of a "licence to operate" describes the conditions under which an organisation is permitted, formally or informally, to conduct its activities: both legal (registration, regulatory authorisation, donor accreditation) and political (acceptance by host government, communities, and armed actors controlling territory).

Both elements are under increasing pressure. Governments in a growing number of jurisdictions have enacted legislation designed, or alleged to be designed, to restrict, surveil, or shut down organisations perceived as critical of the state or as conduits for foreign influence. The Foreign Agents Registration Act framework in Russia, the NGO Governance Act in Ethiopia, the Societies Act in Uganda, and analogous legislation in Egypt, India, Belarus, and elsewhere have made operating legally as a foreign-funded NGO extremely difficult, and in some cases impossible.

Counsel's role is to help the organisation understand its legal position, advise on the options available, and support governance structures that allow trustees and management to make informed decisions about whether, how, and under what conditions to continue operating.

Legal Strategies include the following:

- Structural flexibility. Organisations with significant presence in high-risk jurisdictions should consider whether their legal structure is flexible enough to respond to deteriorating regulatory conditions. A branch office may be easier to close rapidly than a locally incorporated entity, but may also be more exposed to asset seizure. A locally incorporated affiliate may provide a degree of legal distance from the parent but creates governance complexity and liability exposure if its activities are attributed to the parent. Whichever option is chosen, ensure clear legal documentation governs the relationship between the parent and any affiliated or implementing entities.
- Registration and authorisation monitoring. In jurisdictions where NGO legislation is evolving rapidly, registration and authorisation status must be actively monitored, not only the organisation's own status but also that of implementing partners it funds. A partner operating without valid registration where registration is mandatory creates legal exposure for both itself and its funders.
- Scenario planning and contingency legal work. The more sophisticated organisations do not wait for a legal crisis to begin their legal analysis. They conduct scenario planning exercises, in collaboration with legal counsel, security advisors, and programme teams, that map the legal consequences of specific adverse events: the expulsion of the organisation by the host government, the designation of a key implementing partner, the seizure of programme assets, or the arrest of national staff members. Identify the legal instruments available (diplomatic protest, arbitration, international human rights mechanisms, domestic judicial review) and ensure that the relevant documentation and legal authorities are in place before they are needed.
- Managing the political and communications dimension. In contexts where the licence to operate is threatened by political hostility, whether from the host government, armed actors, or domestic political actors, legal advisors must work alongside communications, advocacy, and government relations teams, since legal strategy cannot operate in isolation from political and communications strategy. A perfectly drafted legal brief will not prevent a government from revoking registration if it has decided to do so, but the legal record, the correspondence, the regulatory filings, and the documented compliance, matters enormously in any subsequent dispute or reputational defence. Two practical measures follow. First, legally vet external assets before they are needed: public statements of position and country and programme descriptions. Second, hold pre-prepared and vetted response assets for attacks that can reasonably be foreseen. Drafting a legally accurate rebuttal in the twenty-four hours after an

allegation is published is materially harder than drafting it in advance and keeping it under review.

6. Polarised Civil Society and the Internal Politics Dimension

The polarisation of civil society, both globally and domestically, creates a specific and underappreciated legal risk for in-house counsel. International organisations operating in politically contested environments are increasingly subject to criticism, scrutiny, and, in some cases, legal action from multiple directions: from governments who view them as instruments of foreign interference, and from domestic constituencies who object to their activities on political or ideological grounds. This can manifest through reputational litigation, public positions on contested geopolitical matters, defamation claims, regulatory complaints, or parliamentary scrutiny. Advisors must ensure public communications are legally reviewed, that positions on contested matters are grounded in the organisation's charitable objects, and that governance documentation reflects considered decision-making rather than ad hoc responses to pressure.

A second area is donor relations and grant conditions. Institutional donors increasingly embed political conditions into grant agreements, namely requirements to avoid engagement with certain parties, refrain from certain advocacy, or align messaging with donor government positions. These conditions may conflict with the organisation's charitable objects, operational independence, or obligations to beneficiaries. Legal advisers must advise on the implications of accepting grant conditions that constrain programme design or advocacy, including the potential for breach of charitable duties where conditions require the organisation to act otherwise than in beneficiaries' best interests.

Finally, do not underestimate the dynamics of internal governance and trustee decision-making. Trustees may hold strong and divergent views on contested geopolitical matters, and the risk of trustee conflict, and the governance failures it produces, is real. Clear protocols should be in place for managing conflicts of interest, ensuring trustee decisions on sensitive matters are properly documented and that the board has access to legal advice when making decisions carrying significant legal or reputational risk.

7. Humanitarian and other Exemptions

One of the most significant recent developments is the gradual recognition, by sanctions regimes globally, that humanitarian activity cannot be entirely paralysed by financial sanctions. UN Security Council Resolution 2664 (December 2022) introduced a standing humanitarian carve-out into UN sanctions regimes, exempting from asset-freeze measures the provision of humanitarian assistance and other activities supporting basic human needs by specified humanitarian actors.

In the UK, the Russia (Sanctions) (EU Exit) Regulations 2019 and similar instruments include specific humanitarian exceptions and licence grounds. OFSI operates a licensing regime for transactions that would otherwise breach sanctions, on humanitarian or other specified grounds, and the Charity Commission has published guidance emphasising the need for trustees to take active steps to ensure compliance and report suspected breaches to OFSI.

Two statutory defences for terrorism-related offences may also be relevant. Section 21ZA of the Terrorism Act 2000 provides a defence to offences in sections 15 to 18 (fund-raising, use and possession, funding arrangements, and money laundering) where a person discloses a proposed transaction to an authorised officer beforehand and proceeds only with that officer's consent. Section 21ZB provides a parallel defence where disclosure is made afterwards, on the person's own initiative, as soon as reasonably practicable, with a reasonable excuse for not disclosing in advance. Both routes are engaged by requesting a defence from the National Crime Agency's UK Financial Intelligence Unit, which responds with consent, refusal, or a moratorium period during which the transaction must not proceed.

Key points to note:

- Know the specific exceptions and licensing grounds that apply in each relevant regime. The humanitarian exception under the Russia regulations differs from that under the ISIL/Al-Qaida regime: general familiarity with "humanitarian exceptions" is not sufficient; counsel must know the specific legal text in each applicable regulation.
- Do not assume a humanitarian exception covers all humanitarian activity. Exceptions are typically narrowly drawn and subject to conditions: they may require that assistance be provided by a recognised humanitarian organisation, that it be directed to civilian beneficiaries, and that it not benefit designated persons. The existence of a designated actor in the area does not automatically take the programme outside an applicable exception, but requires careful analysis.
- OFSI licensing is available but demanding. Organisations that believe a proposed transaction falls within OFSI's licensing grounds should apply, with realistic expectations about timelines and the evidence required. Ensure the application is comprehensive, the charitable purpose clearly articulated, and the due diligence on the proposed transaction fully documented.
- Document the legal basis for every transaction in a sanctions-sensitive environment. Whether the legal basis is a specific exception, a specific licence, or a legal opinion that no relevant designation applies, document at the time of the transaction, not after the fact.

8. Protecting Partners in Hostile Legal and Financial Contexts

Implementing partners are the mechanism through which most large international NGOs and foundations deliver their programmes. They are also one of the most significant sources of legal and compliance risk. The legal liability of a UK-registered charity for the acts of its implementing partners is not unlimited, but it is substantial, and it is frequently underestimated. The Charity Commission's guidance makes clear that trustees are responsible for the activities carried out in the charity's name, including activities carried out through partners. Its June 2026 guidance on making grants to charities and other organisations restates that responsibility and, importantly for funders operating internationally, treats grants to organisations that are not charities registered in England and Wales as inherently higher risk, a category that captures most overseas implementing partners. A failure by an implementing partner to comply with sanctions obligations, a diversion of funds to a proscribed organisation, or a serious safeguarding failure by a partner will be attributable, at least in part, to the failures of the parent organisation's due diligence and oversight systems. Robust partner due diligence frameworks are therefore essential.

Two design principles matter. The first is that due diligence should be genuinely risk-based: a tick-box model, the same questionnaire and sign-off for every partner regardless of context, is unrealistic, as it spends the same effort on a long-standing partner with audited accounts as on a newly formed entity delivering through cash transfers in a sanctioned territory. Better practice is to segment the partner portfolio explicitly, using factors such as jurisdiction, funding value and duration, delivery modality, proximity to designated actors, and governance maturity, then concentrate diligence effort on the highest-risk tier. This follows Commission's guidance: checks proportionate to risk, with more checks where risks are higher, supported by a rationale trustees can evidence.

Proportionality cuts both ways: it justifies doing less on low-risk partners only where the organisation demonstrably does more on the high-risk ones.

- Pre-engagement screening. Before entering into any partnership agreement, the proposed partner must be screened against all relevant sanctions lists. In the UK context, this means screening against the UK consolidated list of financial sanctions targets, maintained by OFSI, but organisations should also screen against OFAC's Specially Designated Nationals list where any US nexus exists, the EU consolidated list where EU funding or operations are relevant, and the UN consolidated sanctions list. Screening should cover not only the partner organisation itself, but its key personnel, directors, trustees, senior management, and any known affiliates or subsidiaries. The screening should be documented and retained.
- Organisational and financial capacity assessment. Beyond sanctions screening, ensure that the organisation has a clear picture of the partner's legal status, financial management systems, governance arrangements, and track record. An organisation that funds a partner without adequate assessment of its financial controls, and whose partner subsequently misuses or diverts funds, will struggle to demonstrate to the Charity Commission, and to donors, that it exercised reasonable care.
- Contractual frameworks. The partnership agreement is the primary legal instrument through which the funding organisation exercises its rights over the partner. It should contain:
    - Clear representations and warranties by the partner regarding its legal status, compliance with applicable law, and absence of sanctions exposure;
    - Specific compliance obligations, including obligations regarding sub-contracting, staff screening, and record-keeping;
    - Audit rights, including the right to conduct or commission financial and programmatic audits with reasonable notice;
    - Suspension and termination rights triggered by compliance breaches or reasonable suspicion of compliance breaches;
    - Clawback provisions enabling recovery of funds in the event of misuse;
    - Reporting obligations, including notifying the funder promptly of any actual or suspected sanctions breach, CTF incident, fraud, or other compliance failure; and
    - Governing law and dispute resolution provisions that are practically enforceable in the relevant context.

Monitoring after disbursement. The most consistent weakness in partner risk management is not identification but persistence. Risks are flagged at the assessment stage, documented in the agreement, and then, once funds are transmitted, monitoring lapses into receiving narrative and financial reports nobody interrogates. Trustees must be able to show that the grant was used to carry out the charity's purposes and that resources were managed responsibly, and must take immediate action, including suspending further funding, where monitoring indicates the grant is not being used as required. Practical solutions include scheduling monitoring in the grant agreement itself; tying tranche release to specific verification steps; assigning a named owner for each high-risk partner; and using independent verification or spot audits where access constraints make partner self-reporting the only available assurance. A governing law clause selecting English law does not guarantee that a local court in a fragile state will enforce it; consider whether escrow arrangements or independent third-party monitoring offer more effective practical protection.

9. Operating in Restricted Financial Environments

One of the most significant operational challenges facing international charities and foundations is the restriction of the international financial system as a channel for fund transfers to high-risk geographies. The de-risking behaviour of correspondent banks, particularly in response to regulatory pressure from US and UK financial regulators following high-profile enforcement actions, has significantly restricted the ability of legitimate humanitarian organisations to move money to fragile and conflict-affected states. The inability to move funds through regulated financial channels creates pressure to use informal or unregulated transfer mechanisms, which themselves carry sanctions and anti-money laundering risks.

Practical considerations therefore include understanding the legal status of the transfer mechanism. Where hawala or similar informal value transfer mechanisms are used, assess whether their use is legally permissible under the laws of the jurisdiction of the transferor, the jurisdiction of the transferee, and any applicable sanctions regime. In some UK sanctions instruments, there are provisions that specifically address informal transfers in the context of humanitarian programmes. OFSI guidance should be reviewed carefully, and where uncertainty exists, a formal legal opinion or licence application is advisable.

Banking relationships and due diligence on financial intermediaries are therefore also important, and banking relationships structured to provide maximum flexibility are important. Where possible, maintaining accounts with multiple banks, including banks with established humanitarian desks or specific experience of operating in sanctioned or fragile state environments, reduces the risk of a single de-risking decision causing operational collapse. Review the terms of banking agreements to understand the circumstances in which a bank may suspend or terminate the relationship, and have contingency plans.

Separately, many organisations are exploring digital assets such as cryptocurrency to facilitate cross-border transfers where the conventional banking system has become unreliable. Cryptocurrency can offer genuine advantages such as speed of transfer, reduced reliance on correspondent banking corridors, and the ability to reach beneficiaries in jurisdictions that traditional payment rails no longer service. However, the same features that make digital assets attractive for legitimate humanitarian transfers also make them attractive to those seeking to divert or launder funds, and regulators have repeatedly flagged crowdfunding platforms, ostensibly charitable wallets, and virtual asset service providers as a terrorist financing and sanctions evasion typology. Any decision to use cryptocurrency should therefore be preceded by a documented risk assessment covering counterparty and wallet due diligence, the legal status of virtual assets in the relevant jurisdictions, engagement with a reputable and appropriately regulated provider, and a clear record of reasonable steps taken, mirroring the evidential standard already expected for conventional overseas transfers. As with hawala, where uncertainty exists as to the legality of a proposed use of digital assets, a formal legal opinion or an OFSI licence application is advisable before funds are moved.

10. Protecting Partner Staff and Assets

Partners operating in hostile legal and financial environments face risks that extend beyond sanctions and financial compliance. Staff safety, asset protection, and legal exposure for partner personnel are issues that in-house legal advisers at the parent organisation cannot wholly resolve, but they cannot ignore them either. The key legal considerations include:

- Employment law and duty of care. Organisations have a duty of care to their employees, and in some jurisdictions this duty may extend to the employees of implementing partners where those partners are operating under the direction or control of the parent organisation. In high-risk operating environments, this duty requires documented risk assessments, access to appropriate insurance, including hostile environment medical and evacuation insurance, and clearly articulated protocols for staff withdrawal in the event of security deterioration.

- Asset protection. Programme assets, which include vehicles, equipment, and funds, may be seized by host governments, armed actors, or competing parties in conflict contexts. Ensure that asset registers are maintained, that assets are properly documented and insured, and that the organisation has a clear legal position regarding ownership of assets in the event of seizure. Where assets are held locally by an implementing partner, the contractual provisions governing ownership, return, and use of assets must be carefully drafted.
- Legal support for partner staff. In contexts where partner staff face legal proceedings, detention, or harassment by state actors, the parent organisation may have limited ability to intervene directly. However, the organisation should have protocols in place for rapid legal support, including access to local legal counsel, engagement with diplomatic missions where relevant, and coordination with sector-wide bodies such as ICVA or national NGO coordination platforms on advocacy and protection measures.

11. Governance for Responsible Decision Making

The complexity of the compliance landscape described above places enormous demands on governance structures. Trustees of international charities cannot be expected to possess deep expertise in sanctions law, CTF obligations, or the legal environment in every country of operation. What they must have is a governance structure that brings appropriate expertise to bear at the right points, creates a clear record of informed decision-making, and enables rapid and legally sound responses when problems arise. Advisors often play a critical role in designing and sustaining this infrastructure. Practically, this requires the following:

- A deliberate position on risk appetite. Charities and foundations working in difficult environments are in the business of taking risk; they cannot create impact without it, and a board that treats risk minimisation as the objective simply relocates the risk onto the beneficiaries who go unserved. Boards should hold an explicit discussion about what they are and are not willing to tolerate, across programme delivery, partner selection, geography, financial exposure, and reputational attack, and record the outcome in terms management can apply.
- A live risk register and a structured risk conversation. Compliance policies describe what an organisation intends to do; a risk register records what it is actually exposed to. Trustees should expect a register that uses consistent risk categories and a common scoring approach, that distinguishes risks from incidents already occurred, and that names an owner and mitigating actions against each entry. The Commission's guidance on charities and risk management, CC26, is the reference point. For organisations with a significant international footprint, risk identification and rating should sit close to where those risks actually manifest, with regional or country-level structures feeding a consolidated view, rather than being assembled centrally at one remove. Portfolio-level exposures deserve the same treatment: concentration of funding in a single geography, partner, or transfer channel is a risk in its own right, invisible if risk is only ever assessed grant by grant.
- A risk escalation protocol. Certain categories of risk, such as potential sanctions breaches, credible CTF concerns, or serious safeguarding allegations, must be escalated promptly to the Board, with clear documentation of the advice provided, the options considered, and the decision taken. The protocol should be

clearly defined, understood by relevant staff, and tested through tabletop exercises before it is needed. Escalation should also be mapped against the Commission's serious incident reporting regime, so it is clear who decides on reporting, and on what timeline.

- A clearly articulated compliance framework. The organisation should have documented policies covering sanctions compliance, counter-terrorism financing, anti-bribery and corruption, data protection, and safeguarding. These policies must be consistent with each other, reviewed regularly, and operationally realistic. A policy that requires screening against 47 lists before every cash disbursement in a remote operational context is not a compliance framework, it is a compliance aspiration. Policies should reflect what the organisation can actually do, and where there are gaps, those gaps should be escalated to trustees with a plan to address them.
- Trustee training and ongoing legal briefings. Trustees who are asked to make high-stakes decisions about international programme delivery need a baseline understanding of the legal framework. This does not require trustees to be lawyers, but it does require regular briefings on material legal developments, for example changes to sanctions regimes, new regulatory guidance, and significant enforcement actions against peers, that are relevant to the organisation's risk profile.
- Legal audit and external review. Even well-resourced in-house legal teams benefit from periodic external review. A legal audit by external counsel, covering the organisation's compliance frameworks, contractual arrangements with implementing partners, insurance coverage, and governance documentation, provides an independent assessment of legal risk and often surfaces issues that are invisible from inside the organisation. The Charity Commission has indicated that evidence of proactive legal and compliance review is a factor it considers in regulatory engagement.

12. The Role of Insurance

Insurance is not a substitute for legal compliance, but it is an important element of the risk management framework. The market for insurance covering international NGO risks, including directors' and officers' liability, professional indemnity, political risk, and crisis management, has shifted materially in recent years, with insurers exercising greater scrutiny of compliance frameworks before offering coverage. It will be important to understand whether coverage extends to sanctions-related incidents, such as regulatory investigations and civil penalties..

13. Looking Ahead: In Practice

The legal and compliance landscape for international charities and foundations will continue to evolve rapidly. Geopolitical fragmentation, the proliferation of sanctions regimes, increasing state hostility to civil society, and the de-risking of the international financial system are structural trends, not temporary conditions. With that in mind, three practical priorities follow for in-house teams building resilient compliance infrastructure:

- First, embed legal involvement in programme development cycles. The compliance conversation must happen at the design stage, not the crisis stage. This requires organisational culture change as well as structural change: programme teams must understand that legal review is an integrated service, not an obstacle, and jurisdiction-specific analysis, covering every country of operation, every currency of transfer, and every financial intermediary in the funding chain, should be calibrated to the applicable sanctions and regulatory regime from the outset rather than bolted on before submission to donors.

- Second, keep partner due diligence and humanitarian licensing knowledge current and living rather than static. Due diligence is not a checkbox exercise conducted once at the point of partner selection; it is an ongoing process that must be responsive to changes in the partner's legal status, governance, and operating environment, documented, proportionate to risk, and capable of producing evidence of the due diligence conducted in the event of regulatory inquiry. In parallel, maintain a jurisdiction-specific reference document mapping the applicable sanctions regime, the humanitarian exceptions available, and the OFSI licensing grounds most likely to be relevant to the organisation's operations, reviewed and updated quarterly so that it reflects the current state of the law rather than the position when the programme launched.
- Third, prepare for the crisis before it happens. Develop and test a crisis response protocol identifying who is responsible for what, the notification obligations, to OFSI, the Charity Commission, donors, and the board, and what legal and communications support will be mobilised. Engage proactively with regulators: voluntarily reporting a potential compliance concern before it becomes a formal matter is treated differently from a failure discovered through enforcement. Protect the legal record across every stage of international charitable activity, since it is the organisation's primary defence in the event of regulatory scrutiny or litigation. Finally, stay connected to the sector: bodies including the Bond Legal Working Group, ICVA, and the Humanitarian Advisory Group provide forums for sharing experience and tracking legal developments.

The legal challenges facing international charities and foundations today are not new, but they are newly acute. Teams cannot afford to be reactive. The organisations that navigate these challenges most successfully are those that invest in compliance infrastructure before they need it. In doing so, this should not encourage retreat from difficult geographies, but engagement in them with the legal rigour the environment demands.

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