

Title:	Social Financing Policy
Date:	April 2025
Last reviewed:	June 2024
Date of next review:	June 2025
Classification:	Public

1. Background

In 2021, The Board of Trustees agreed to ring-fence £5m of its investable assets, in the first instance, to use specifically for the purpose of making social investments.

2. Investment Mandate

- 2.1 Our social investments are made with the dual purpose of supporting the Foundation’s mission and delivering a financial return, in line with our understanding of the [Charity Commission’s current guidance \(CC14\)](#) on social investments.
- 2.2 We expect that the form of investment may vary within the portfolio and may include a range of financial mechanisms such as repayable grants, low interest loans or equity investments.
- 2.3 We expect that our social investments may provide capital directly to purpose-driven organisations (such as charities or social enterprises), or indirectly through investment into pooled funds.
- 2.4 We aim to partner closely with our investees throughout the investment life cycle, whether investment managers (through our fund investments) or purpose-driven organisations (through our direct social investments).
- 2.5 Similar to our overall investment portfolio, we have set investment objectives across three areas: impact, risk and financial return.
- 2.6 Our desire is for our social investments to sit at the impact-end of the spectrum of capital, allowing us to support innovative approaches that can help deliver our mission.

3. Investment Objectives

3.1 Impact Objectives:

- 3.1.1 We seek to invest in solutions that contribute substantially to, or strongly align with, our mission of achieving healthier later life outcomes.

- 3.1.2 For direct social investments, we look to partner with organisations that deliver outcomes which clearly align to the Foundation's mission. This may include organisations directly providing care for older people, those currently delivering activities that lead to the improvement in health and well-being in later life, or those with the potential to deliver those outcomes.
- 3.1.3 For investments into funds, we expect that the fund strategy and underlying investments will substantially support the Foundation's mission. This may include supporting solutions that go beyond directly addressing health outcomes and tackle the wider social determinants of health (such as housing, education or living environments) for the wider population.
- 3.1.4 We expect there to be a range of alignment with our mission across our portfolio, with some social investments more strongly aligned than others. However, every social investment will need to evidence some level of support in achieving our mission.

3.2 **Risk Objectives:**

- 3.2.1 We understand that to achieve the outcomes we seek, we may have to take risk to support innovative, new, and untested approaches.
- 3.2.2 We aspire to use this allocation to support a range of opportunities and whilst being prudent, we have a high tolerance and appetite for risk.
- 3.2.3 We are willing to invest in opportunities that may be unproven - either in terms of impact outcomes or financial returns - if there is a potential to generate impact in line with our mission or deliver financially.
- 3.2.4 We understand that supporting high-risk propositions may result in some investments not performing, either in financial or social impact terms, as planned. We believe that those disappointments can be justified, in the pursuit of our mission and as a learning organisation, and we aim to be transparent and supportive of partners throughout the investment life cycle and in sharing our learning publicly along the way.
- 3.2.5 We aim to limit our concentration risk, by restricting the maximum single social investment within this portfolio to 20% of the overall allocation.

3.3 **Return Objectives:**

- 3.3.1 We aim to recycle the funds to re-invest them over the longer-term and therefore aim to preserve the value of the allocation in nominal terms.
- 3.3.2 We aim to take a portfolio approach, which allows for a range of expected investment returns across individual investments.

- 3.3.3 We may invest in opportunities with an expectation of partial capital loss, where we believe the potential impact generated is sufficient to justify the financial return.
- 3.3.4 We are willing to invest in solutions that are likely to result in below market-rate financial returns, if we believe they provide sufficient support in achieving our mission.
- 3.3.5 We may seek to make investments that have a higher expected financial performance, acknowledging that in some instances those may be mission-adjacent or mission-supportive rather than entirely mission-aligned.

4. Areas of focus

- 4.1 For our direct social investments, we seek opportunities that have a tangible impact on achieving healthier later life outcomes.
- 4.2 For social investments in funds, we look for strategies that will support underlying portfolio companies that support the achievement of healthier later life outcomes. However, we understand that funds may have a range of strategic focus areas, and to avoid limiting the scope of opportunities, we will support a range of themes that align with, or are supportive of, our mission such as:
 - 4.2.2 Health and wellbeing of people across the life course
 - 4.2.3 Supporting alternative research careers for academics and clinicians working in health and social care
 - 4.2.4 Solutions that address the social determinants of health, particularly for underserved population groups and communities
- 4.3 As a fund investor primarily, however, we acknowledge that the fund's portfolio will consist of many companies, not all of which will fall into the above classifications. It therefore aims to work with fund managers whose strategies broadly pursue the objectives, such as those pursuing mission-driven solutions or themes.

5. Governance

- 5.1 The Social Financing Committee reviews its portfolio on an annual basis with delegated authority from the Board of Trustees to make financing decisions, currently for individual transactions valued up to £1M. Any transactions valued at more than £1M must be approved by the Board in advance.

- 5.2 Proposals are reviewed and assessed during scheduled meetings throughout the year, co-opting the support of external advisors, consultants, and relevant experts where appropriate.
- 5.3 The performance of individual investments is managed and reported on an annual basis, although we will continue to monitor the activity of investees in the interim.
- 5.4 Where there are concerns about a direct social investment, either due to financial performance or delivery of planned outcomes, a review may take place including meeting with the investee. If concerns cannot be addressed, the Committee reserves the right to trigger divestment plans in accordance with the agreement.
- 5.5 Investees must submit agreed reports on a periodic basis for review by the Committee.
- 5.6 The Social Financing Policy Statement is reviewed annually and is published online. In addition, summary details of each investment are included within the Foundation's Annual Report and Accounts.



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