

Policy Name	Investment Policy
Version No.	3.0
Approval Date	December 2025
Category	Corporate
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Investment Policy	
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Version Control

Version	Date	Description	Updated By	Approved By
1.0	September 2019	New Policy	C Skelton	ELT
2.0	September 2022	Policy review and minor updates. Updated following Audit & Assurance Committee review.	Executive Director Corporate Resources	Board – November 2022
3.0	September 2025	Updated for latest policy template, added clarification around considerations of financial, ethical and other factors in assessing investment options, and minor amendments to wording.	Head of Finance	Board – December 2025

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1. Policy Purpose & Aim

If a charity has investments, the Charity Commission expects it to have a written policy that sets out what it is aiming to achieve through its investments. A written policy provides a framework for making investment decisions, helping Trustees manage the Charity's resources effectively and demonstrates good governance. The Regulator of Social Housing (RSH) also expects all relevant charities to abide by their own Investment Policy.

The aim of this policy is to set a framework by which financial investments can be made both in external institutions (such as banks) and subsidiary companies.

2. Objectives

The objectives of this policy are to:

- Protect the Charity's money;
- Ensure consistency of approach;
- Ensure every relevant Trustee and member of staff understands ExtraCare's approach to financial and subsidiary investments; and
- Meet legislative and regulatory requirements.

3. Scope of Policy

This policy applies to every ExtraCare Trustee, Executive Director, and Finance team member.

4. Responsibilities

Board	• Approval of this policy and for authorising any new investments in subsidiary companies.
Executive Director Corporate Resources	• Overseeing the implementation of this policy.
Head of Finance	• Monitoring compliance with the policy.

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5. Monitoring & Review

The Head of Finance will ensure that any investments are made in line with this policy and the Treasury Management Policy. An update on treasury matters will be provided to every meeting of the Audit & Assurance Committee.

6. Risk Management

In considering the suitability of any financial investment, the Board will apply a responsible and balanced approach to risk. As part of this, the Board recognises that charities must balance the potential rewards against the potential risks associated with any financial investment and should hold a suitable mixture of lower and higher risk investments. The Board accepts that higher risk financial investments may be appropriate when all other factors are considered and that in having regard to the need to diversify financial investments a variety of risk levels will be beneficial. Similarly, financial investments should not be overly cautious.

7. Statement of Commitment

This policy covers ExtraCare's approach to financial investments and investments in subsidiary companies. It does not deal with programme related investment which is defined by the Charity Commission as an outlay of funds in furtherance of a charity's purposes where a financial return may be generated but where the reason for the outlay is to further the purposes of the charity.

Financial investments refer to the outlay of funds in something it is hoped will lead to a financial return (through either income or capital growth) with which to further our charitable objects. This is a wide definition and may include (on a non-exhaustive basis) any or all of the following – interest bearing cash deposits in bank or building society accounts, shares in a listed company, interest bearing loans to corporate bodies or government (including bonds and gilts), buildings or land, common investment funds and other collective investment schemes, non-traded equity in private corporate entities, hedge funds, commodities and derivatives. The Charity Commission refers to this type of investment as an outlay of funds for the purpose of obtaining the maximum financial return consistent with commercial prudence.

The Board recognises that the Investment Policy must be kept under review. It will be reviewed formally once every three years and more often if changes in the external environment, for example legal, tax or market changes, mean it requires more urgent review.

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This policy only applies to significant investment decisions and is not intended to prevent the exercise of the delegated authority in our Treasury Management Policy.

8. Additional arrangements

8.1 Financial Investment

The objectives of financial investment are as follows:

- To invest surplus assets and/or borrowed funds in a manner that minimises financial risk while aiming for a reasonable return, thereby enhancing ExtraCare's capital or income to further support its charitable objectives;
- The Board will seek to maintain a prudent, balanced and diverse range of financial investments;
- If presented with a financial investment opportunity, the Board will take appropriate advice and will compare the risks and rewards of the financial investment opportunity with a range of other possible financial investments;
- It should be considered that any investment will usually be held over the medium to long term and that the subjective purpose or motivation for holding the investment is to generate capital and/or income growth aligned with our financial plans and requirements. In some instances there may be occasions when investments of excess funds must be made for a shorter term;
- Where possible, it is our preference to make financial investments which do not simply generate financial returns, but which also bring other benefits to ExtraCare and our resident communities such as increasing our profile;
- We will prioritise financial return within our risk profile, but preference will be given to ethical investments when returns are similar; and
- When deciding to adopt an ethical investment approach the reasons why certain investments, companies or sectors are excluded or included should be made clear.

Whilst financial return is the primary consideration in evaluating investment opportunities, ethical and other factors will form part of the assessment of investment acceptability. The decision-making process will therefore be more nuanced, recognising that investments offering similar financial returns may be differentiated by their sustainability credentials or alignment with the organisation's values. Although controversial investment options are unlikely to be considered in the first instance, the evaluation process for all investments will ensure that financial, ethical, and other relevant considerations are clearly addressed in reaching a conclusion on the suitability of investments for the Charity.

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8.2 Investing in subsidiaries

The Board acknowledges that ExtraCare may from time to time in accordance with this policy wish to make financial investments in subsidiaries, either by investing capital or by making loans. The Board recognises that the Charity Commission's advice is that charities be particularly cautious about making or retaining financial investments in companies which are wholly or substantially owned by the charity and has stressed the need for objectivity when making decisions in this area. Investing in a company which is not economically viable and has no real prospects of becoming so is unlikely ever to be in the best interests of the charity. The Board accordingly recognises that in making such financial investments it should have regard to the principles outlined in this policy, and in the relevant Charity Commission guidance. In particular, the Board will consider suitability and diversification issues (including issues of conflicts of interest and private benefit) and take appropriate advice as necessary.

More specifically, the Board will bear in mind the following principles when making a decision in the future to invest in a trading subsidiary:

- That financial investments in a trading subsidiary should only be made where it is in the Charity's best interests to do so and on an arm's length and commercial basis;
- That in assessing what is in the Charity's best interests, a financial investment in a trading subsidiary ought to be compared with other forms of investment;
- That the relevant trading subsidiary's business prospects and financial viability should be objectively assessed, and appropriate advice taken in relation to this assessment;
- That consideration should be given to the length of time that funds may be tied up in the subsidiary;
- That consideration should be given to whether the subsidiary is able to provide security and the appropriateness of such security for any proposed financial investment made in it by the Charity;
- That the option of obtaining independent funding for the subsidiary should be considered;
- That the Charity should make arrangements to monitor the performance of the trading subsidiary; and
- Board Members will be scrupulous in identifying any potential for conflicts of interest when the Charity invests in a subsidiary and must take care that no personal benefit flows to any of the Charity's Board Members as a result of such investment.

8.3 Investing excess funds

Investing excess funds – see **Treasury Management Policy**.

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9. Other Relevant ExtraCare Policies & Documents

Policies	Treasury Management Policy
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10. Relevant Legislative & Regulatory Requirements

Board regards Charity Commission guidance as helpful to the extent that it represents general principles of charity law, and will have regard to such guidance from time to time, in particular:

- Charities and Investment Matters: A guide for Trustees published in October 2011, and
- Trustees, Trading and Tax: How charities may lawfully trade, which provides guidance on investing in trading subsidiaries.

The Board acknowledges that it must act in the best interests of the Charity, which means its present and future beneficiaries. If making a Social Investment using a statutory power in the Charities (Protection and Social Investment) Act 2016 the Board will record that it is using the power and comply with the Act.

As part of the discharge of the duties on Board members when making financial investments, the Board will take advice on all proposed financial investments. This advice may be taken from external advisors or from ExtraCare's staff as the Board sees fit in the circumstances and depending on the nature and scale of the investment.

When considering financial investments the Board will consider, as a minimum, the likely risk/reward equation (where projections are used, the Board will consider carefully how robust they are), as well as any restrictions in place from our lenders. The Board will not look at one investment in isolation. When there is money to invest, it will consider a range of possible financial investments before making a decision.

Before any investment is made, it should be established whether there are any restrictions included in funding agreements (from banks and others) preventing such investment from being made.

The Regulator of Social Housing (RSH) expects all relevant charities to abide by their approved Investment Policy.