

GOVERNANCE FRAMEWORK

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DEFINITIONS

Advisors	Advisors appointed to and/or by a Board Committee to provide specialist advice
Bromford	Bromford Housing Group Limited and its Subsidiaries
BHG	Bromford Housing Group Limited
Board	the Board of Directors of BHG appointed in accordance with the rules of BHG but does not include a person co-opted to the board
Board Committee	A committee established by the Board
the Chair/Group Chair	the person appointed as the Chair of the Board
the Chief Executive	the person appointed as Chief Executive of Bromford
the Code	The UK Corporate Governance Code
the Executive/Executive Directors	officers of Bromford who may or may not be statutory directors who had been appointed by the Board and/or the Chief Executive as Executive Directors
Functional Directors	officers of Bromford who have been appointed by the Executive as Functional Directors
Group	Bromford Housing Group Limited and its Subsidiaries
Non Executive Director (NED)	the statutory directors of Bromford, other than the Chief Executive and the Group Executive Finance Director
Rules	the current registered rules of BHG or a Subsidiary
Subsidiaries	All wholly owned Subsidiaries of BHG including Merlin Housing Society Limited; Bromford Housing Association Limited; Bromford Home Ownership Limited; Bromford Development Limited
Subsidiary Board	The Boards appointed to the Subsidiaries

SECTION ONE - OVERVIEW

1. Governance Framework

The purpose of this Governance Framework (the 'Framework') is to:

- set out the principles of good governance that underpin our operations; and
- outline Bromford's corporate governance structure to ensure consistency across the organisation.

It is designed to meet regulatory and statutory requirements, achieve effective self and co-regulation, and provide the flexibility to manage changes which are inevitable for an evolving and developing organisation. It is structured around the main principles of the UK Corporate Governance Code (the 'Code'). Each section begins with the relevant extract from the Code (in **bold**) followed by an explanation of how we will ensure compliance.

The Framework covers:

- compliance with the statutory and regulatory framework (including the Code) within which we operate;
- the relevant constitutions of the group companies;
- the Group Financial Standing Orders;
- the Group Delegation Framework (**Appendix 1**);
- Risk Management Policy.

2. What do we do?

Bromford is a social business inspiring people to be their best.

Excellent governance is key to the pursuit and achievement of our **Statement of Strategy**. The principles of good governance are therefore at the heart of this Framework and its supporting documents and policies.

3. Definition of governance

In accordance with the UK Corporate Governance Code:

"Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies."

The role of governance is to:

- Facilitate effective, innovation, and prudent management to deliver the long-term success of the Group;
- Ensure appropriate decision-making processes and internal controls are in place;
- Facilitate transparency, openness and accountability;
- Ensure the business adhere to all legal and regulatory requirements;
- Management of key risks and effectiveness of governance process;
- Facilitate effective compliance and assurance are in place.

The scope of governance is essentially about ensuring processes are in place for compliance, probity, transparency and risk.

4. Role of the Board and the Audit and Risk Committee

The Board has overall responsibility for the governance of the organisation and has delegated some of this responsibility to the Audit and Risk Committee – an outline of the **governance roles** are:

BOARD	Strategy	Set and uphold Bromford's strategy and values Approve the strategic objectives
	Leadership & resources	Ensure that effective leadership and executive competence are in place to achieve the strategic objectives Ensure sufficient resources are available to achieve the strategic objectives Ensure Effective governance and succession planning Promote the long-term success of the business
	Risk	Ensure that frameworks are established and monitored for delegation and systems of control , including financial controls, and for identifying and managing risks Approve the Risk Framework, including the Risk Appetite Ensure that the risk management processes are effective
	Performance	Monitor and test execution of strategy and performance in relation to approved plans, budgets and controls Oversee performance and achievement of the group objectives
	Accountability	Consider the balance of interests of, and ensure accountability to, key stakeholders.

AUDIT & RISK COMMITTEE	Probity	Ensure that the highest standards of probity are maintained
	Compliance	Ensure that Bromford meets all its regulatory and statutory compliance requirements
	Risk	Ensure that the risk management processes are effective Ensure internal control frameworks are effective

5. Governance structure

Bromford’s current governance structure is set out in **Appendix 2**. The Board approves the Group Delegation Framework which includes the terms of reference for all Subsidiary Boards and Board Committees, and the delegation to the Chief Executive.

The BHG Board and subsidiary boards in the Group are supported by, the following Group Committees:

- Audit and Risk;
- Remuneration and Nominations; and
- Treasury.

6. Governance continuous improvement

To support our commitment to achieving excellence in governance and, as we do throughout Bromford, the Board will have a strong focus on continuous improvement in governance. This will include regular challenging reviews of our governance arrangements (see Section 3 – Effectiveness) and require continuing high quality effort and will to implement changes.

7. Statutory and regulatory framework

Bromford and its Subsidiaries are subject to extensive legislation which includes Co-operative and Community Benefit Society legislation, and Company law. There is also a range of other specific statutory and regulatory requirements which apply to the business. Controls and processes have been put in place to ensure that we comply with all relevant requirements.

The sector regulator i.e the Regulator of Social Housing (the ‘Regulator’) sets out their regulatory requirements and standards in a regulatory framework, standards and codes with which Bromford complies. We have regular contact and maintain good relationships with the Regulator.

The Board seeks to ensure that all activities of the Group meet the requirements of the regulatory framework, and in particular, that the Group’s governance arrangements meet the standards set out in the Governance and Financial Viability Standard.

8. **The UK Corporate Governance Code (the 'Code')**

Bromford has adopted the Code (published by the Financial Reporting Council (FRC)) as the foundation for its governance framework. The full Code is contained in **Appendix 3**.

Whilst Bromford has adopted the Code, the Board acknowledges that there are some fundamental differences between those organisations that are normally regulated by the Code and Bromford.

Generally, the Code is adopted by companies operating for profit and which pay dividends to shareholders. All companies with a listing of equity shares on the London Stock market are required to comply with the Code. Bromford's structure, common to the housing sector, is a not-for-profit organisation whose only 'shareholders' are the Non Executive Directors.

Despite the above differences we are of the view that, generally, the principles of good governance as set out in the Code apply to Bromford, whilst accepting that some aspects of the Code, particularly in relation to 'shareholders', may not be relevant. Bromford will seek to comply with the spirit as well as the letter of the Code in all aspects of its operations.

The FRC is clear that successful governance requires boards to think deeply, thoroughly and on a continuing basis, about their responsibilities, both collectively and individually. Corporate governance is therefore about what the board of a company does and how it sets the values of the company. The leadership of the Chair, the support given to and by the Chief Executive and the frankness and openness of debate on the Board are key to following the spirit of the Code.

9. **Probity**

Bromford seeks the highest standards of conduct and probity in all its activities. The standards required of the Board and other colleagues are set out in the Probity and Bribery Policy (**Appendix 4**). The Policy covers:

- Conflicts of interest – including disclosure of interests;
- Non-contractual benefits and payments made to the members of the Board and/or other colleagues;
- Gifts and hospitality given and received; and
- Bribery.

Other Group policies which support Bromford's approach to probity are our Anti-Fraud, Anti-Money Laundering, Whistleblowing and Group Conflict policies.

All new Board members and colleagues will receive information on the Probity and other policies as part of their Induction and Development Programme to ensure that they understand their responsibilities in relation to these matters.

10. **Openness and Transparency**

We believe being open and transparent is important – not only because it helps deliver fair, efficient, and effective customer service but because sharing information about what we do and why we do it helps colleagues and customers to be the best they can be.

In the face of social and economic change, we want to lead by example – to influence the debate around transparency in our sector and make sure it's relevant, meaningful and cost-effective to deliver.

Details of the information we share is on our website at www.bromford.co.uk

11. Fairness and Diversity

Promoting principles of fairness and valuing diversity is a key responsibility of the Board and other colleagues and is enshrined in our Equality & Diversity Policy. This is summarised in a commitment to provide services that fit people and places.

The Board has adopted a number of practical actions to ensure that diversity is a thread that runs through all the functions of the boards, e.g. the Summary of approach to NEDs (including composition of Board, recruitment, induction and pay). (**Appendix 5**) confirms that the Board recognises the need to seek diversity in the membership of boards and committees.

12. Monitoring and review of the Framework

The Board is responsible for monitoring and reviewing the effectiveness of this Framework to ensure that it continues to remain current and reflects best practice. This review will be carried out every year.

The Company Secretary will be responsible for the day to day review, monitoring and updating (minor amendments and administrative changes) of the Framework and for making recommendations for significant changes to the Board.

SECTION 2 - MAIN PRINCIPLES A: LEADERSHIP

- A1:** Every company should be headed by an effective board which is collectively responsible for the long-term success of the company.
- A2:** There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision.
- A3:** The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role.
- A4:** As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy.

13. Leadership

Our Board operates as a unitary board and provides entrepreneurial leadership for the organisation, setting the strategic direction, values and standards of Bromford.

The Board is the cornerstone of Bromford's governance framework and to support its drive for governance excellence has put in place the governance policies, processes and systems described in this Framework.

14. Roles and responsibilities

Bromford has clarified the roles of the Board and the Executive as follows:

*The role of the **Board** is to ensure that the right executives are in place with the necessary financial and human resources to deliver the organisation's strategy effectively. The Board is responsible for approving and rigorously testing the strategy and the effectiveness of its delivery; it must satisfy itself that risks have been identified and are managed, that appropriate targets and performance measures have been set and are monitored.*

And

*It is the role of the **Executive** to devise and propose the right strategy in the context of the operating environment to achieve the organisation's purpose. The Executive must put in place the right organisational resources and performance management processes to effectively deliver the strategy.*

The roles and responsibilities of the Board, Board Committees and the Executive are set out in this Framework and in:

- the constitutional documents of Bromford and its Subsidiaries (**Appendix 6**);
- the Group Delegation Framework (includes Matters Reserved for the boards and committee terms of reference).

In the interests of openness and transparency, Bromford's Annual Report will include a statement setting out how the Board operates.

Role descriptions for NEDs have been developed (**Appendix 7**). These Role descriptions form part of the formal arrangements for Board membership and reflect current good practice. The Company Secretary will be responsible for ensuring that these Role Descriptions are regularly reviewed.

15. Chair and Chief Executive

The roles of, and relationship between, the Chair and the Chief Executive are critical to the successful functioning of the Board. The Chair is responsible for the running of the Board and the Chief Executive is the most senior executive on the Board with overall responsibility for delivering Bromford's strategy.

The roles of the Chair and the Chief Executive will be exercised by different people and their differing roles and responsibilities are set out in their respective role descriptions (**Appendix 8**).

The Chair will hold meetings with the Non-Executive Directors without the Executives present at least once a year.

In relation to the roles of Chair and Chief Executive:

- the Chair, on appointment, meets the independence criteria set out in the Code.
- the Chief Executive shall not, other than in exceptional circumstances, succeed to the chair of the Group.

16. Senior Independent Director

The Vice Chair will be the Senior Independent Director ('SID') who will support the Chair and when necessary, the Board, to ensure that the Board operates effectively and in the best interests of Bromford. (SID Role Description - **Appendix 9**).

17. The Company Secretary

The Company Secretary's role is to provide support and advice to the Chair, the Non-Executive and Executive Directors on all governance and compliance matters. The Board will appoint and remove the Company Secretary.

SECTION 3 – MAIN PRINCIPLE B: EFFECTIVENESS

- B1:** The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.
- B2:** There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board.
- B3:** All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.
- B4:** All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.
- B5:** The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.
- B6:** The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.
- B7:** All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.

18. Board composition and membership

'Statement (s) of Preferred Composition' for the board is included in **Appendix 5 – Summary of approach to NEDs**. It sets out the number of NEDs required and the skills, experience and knowledge required for the business to be governed effectively. The Company Secretary will ensure that this is reviewed, both as part of the annual Governance Effectiveness Review and any NED recruitment process, to ensure that the skills described continue to fit Bromford's needs.

Advisors (either paid or unpaid) may be appointed to work with the Board as and when required.

A majority of the Board will comprise non-executive directors whose independence will be assessed in accordance with the criteria set out in the Code. These independent non-executive directors will be identified in the Annual Report.

The **size and composition of any Subsidiary Boards** will be determined by Board, on the recommendation of the RemNoms Committee, and in accordance with the relevant company rules.

The Board, on the recommendation of the RemsNoms Committee (which will have considered the relevant committee terms of reference and Statement of Preferred Composition) will appoint the committee chair (who will be a non-executive director), other Non-Executive Directors and Executive Directors and/or Functional Directors **to Board Committees**. Committee members who are not non-executive directors will be appointed by the RemNoms Committee. All committee membership will be reviewed by the RemNoms Committee as part of any Board recruitment process and will also be considered as part of the annual Governance Effectiveness Review.

The roles of Chair, Vice Chair (or SID) of the Board and Board Committees may not be held by Executive Directors.

19. Succession Planning

In carrying out recruitment and selection for the Board and Executive Directors, the RemNoms Committee will consider succession planning to ensure that Bromford has the right leadership in place for the future.

20. Board recruitment and renewal

The processes for the recruitment and selection of NEDs are set out in the **Appendix 5 - Summary of approach to NEDs**.

The RemNoms Committee will lead the process for all Board appointments and make recommendations to the Board. All Board, Subsidiary Board and Board Committee appointments (other than committee members who are not non-executive directors and Advisors) require the approval of the Board.

Recruitment of Chair

The RemNoms Committee will lead the process for recruiting a Chair and will prepare a job specification, including an assessment of the time commitment expected. The Committee will ensure that a Chair's other significant commitments are disclosed to the Board before appointment (and included, if required, in the Annual Report).

Advisors

In order to access the right skills it will be appropriate, from time to time, to appoint Advisors to the board(s) and/or committees. These appointments will be made by the relevant Board Committee and will not require Board approval. Advisors may be paid or unpaid, as appropriate to the terms of appointment. As an Advisor, the appointee will not have voting rights on the committee.

21. External appointments - Executive Directors

The approval of the Board is required for any full time Executive Director to take up a non-executive directorship in another organisation, except where they are taking on the directorship as part of their role at Bromford.

22. Training, development, information/support, independent professional advice

Induction

A standard Induction and Development Programme has been developed. This Induction Programme will be extended and adapted so that it meets the specific needs of each individual.

The Company Secretary will

- liaise with the Chair and the new NEDs to agree the individual induction requirements;
- ensure that all new NEDs, committee members and Advisors receive induction training within three months of their appointment;
- ensure that the induction process is reviewed regularly using feedback from participants to develop and improve the process.

Information and support

To assist Board members in keeping their skills and knowledge up to date and to help them perform effectively, we will ensure that the following are made available:

- Accurate, timely and clear information in the form of reports, briefings, workshops etc;
- Relevant trade publications and regular briefings on both sector wide and association specific issues;
- The opportunity, from time to time, to meet operational colleagues and customers and to visit various sites and areas of operation;
- Activities to develop the Board as a team, such as Away Days and Strategic Planning Days;
- Mentoring arrangements between NEDs.

Independent professional advice

This will be made available, at Bromford's expense, to the Non-Executive Directors who may judge it necessary in order to discharge their responsibilities as directors. Any NED who wishes to take such independent advice should liaise with the Chair or SID in the first instance.

23. Performance management – governance

Governance Effectiveness Review

The framework for the formal and rigorous annual evaluation of the performance of the Board, Subsidiary Boards, Board Committees and NEDs will help the NEDs understand how well they function as a team, as well as exploring the contribution of individual NEDs. The Governance Effectiveness Review will play an essential part in identifying and managing performance on an ongoing basis.

As part of the overall evaluation process, and to ensure an element of independence in the procedures, the performance evaluation will usually be externally facilitated at least every three years.

The review process will include:

- the rolling timeframe for the effectiveness reviews;
- the appraisal process for individual NEDs;
- the appraisal process for the Chair;
- the effectiveness review of the board(s) and committees;
- setting governance objectives and implementing improvement plans.

24. Terms of office/re-election

Bromford's approach to terms of office is based on recognised governance best practice, and is as follows:

Chairs (Chair and Chairs of Subsidiary Boards)

Chair(s) will usually be appointed initially for a term of 3 years. This may be extended to a second term of 3 years by the Board subject to satisfactory performance in the role.

NEDs and committee members

A term of office will be a period of three years (for new appointees the initial term will be one year which may be extended to three years following a review by the RemNoms Committee). There will be no automatic re-appointment at the end of a term of office.

Re-appointment for subsequent term(s) will be dependent upon (i) satisfactory performance throughout the term of office and (ii) the requirements of Bromford's succession planning.

NEDs will usually not serve more than two terms of three years. In exceptional circumstances a maximum of 9 years may be served but any term beyond six years will be subject to rigorous annual review and will take into account the need for progressive refreshing of the boards/committees. Any such extensions must be supported by a strong business case and will be considered by the RemNoms Committee before being approved by the Board.

NEDs will be required to resign from the Group and relinquish any share they hold in any Group company at the end of their final term of office.

NEDs who have served longer than 6 years will be subject to annual re-appointment.

25. Removal of a NED/committee member

A Non-Executive Director or committee member may be removed from office if:

- they cease to qualify as a board director under the relevant Company Rules and/or committee terms of reference;

- they cease to qualify under Company Law;
- they are in breach of their Service Agreement; or
- the board passes a special resolution to that effect.

26. Conduct of board business and effective decision making

To assist the board(s) and committees to operate effectively, the Company Secretary will support the chair(s) in ensuring that:

Delegations	A clear delegation framework is developed and compliance with the delegations is monitored.
Agendas	Annual Agenda Plans/Schedule of meetings are agreed with the relevant chair of the board(s) and committees to include regulatory, statutory and business matters (including performance, risk, financial information, and financial controls/risk systems).
Reports	Are presented in an approved format and clearly set out the key points for decision and recommendations.
Time	Agendas and reports are circulated when possible 1 week in advance of meetings. Time is available to discuss reports and issues with the report author/lead prior to meetings. Sufficient time is allowed for debate.
Decisions	Are recorded in Minutes; and actions against these are monitored.
Emergency decisions	The process for emergency decisions (set out in Group Delegations Framework) is followed.
Performance	Board(s) and committees review their effectiveness annually in accordance with the Governance Effectiveness Review process.
Sharing information and decisions	This will be done through: Board Away Days; Update reports/feedback from the Board, Subsidiary Boards and Board Committees; Minutes (board/committee) will be shared with all NEDs and Executive Directors except where, by exception, the Chair considers that an item should not be shared; Board, Board Committee and other papers will be put on BoardVantage.

The Company Secretary will also:

- be responsible for making the necessary arrangements for the provision of independent professional advice;
- provide advice on governance matters;
- ensure that Board Committees have sufficient resources to carry out their duties;
- ensure that board procedures are complied with.

SECTION 4 – MAIN PRINCIPLE C: ACCOUNTABILITY

- C1: The board should present a fair, balanced and understandable assessment of the company's position and prospects.
- C2: The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.
- C3: The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the company's auditors.

27. Annual Reports

The Board has overall responsibility for ensuring that accurate financial statements and balanced information are published and meet all statutory and regulatory requirements. To ensure that all such obligations are met, the Board has agreed the following:

Financial statements (annual report and accounts)

The Group Executive Finance Director will be responsible for ensuring that the annual report and accounts are prepared in accordance with current statutory and regulatory requirements, and best financial and audit practices, and are presented to the Board for approval in advance of being laid before the Annual General Meeting or other such meeting (if required by the relevant company constitution).

Annual Review and annual performance report

In addition to the annual report and accounts, the Executive Directors are responsible for publishing further information on Bromford's activities and performance throughout the year as appropriate.

Regulatory and statutory compliance and returns

The Company Secretary will ensure that all statutory and regulatory reports and returns are submitted, accurately and on time, to the appropriate reporting authority and/or regulatory body.

28. Risk Management Framework

The Board has responsibility for establishing a framework of prudent and effective internal controls and a system for the identification and management of risk to ensure the financial viability and probity of Bromford. As part of the process the Board decides the nature and extent of the significant risks the organisation is willing to take in achieving its strategic objectives.

The approach taken in managing risk is set out in the Risk Management Policy.

The Board has delegated authority to the Audit and Risk Committee for overseeing the implementation of the risk management and internal controls framework and ensuring that an annual review of the effectiveness of the risk framework and controls is undertaken.

The Risk Management Policy is supported by a Group Delegation Framework which provides clarity for NEDs and other colleagues about the scope of their responsibilities.

29. **Audit**

Effective audit plays an indispensable role in achieving good governance. To ensure that sufficient time and expertise is devoted to audit and risk the Board has:

- established an Audit and Risk Committee ('ARC') with clear terms of reference, which meets regularly and whose minutes are available to all Board, Subsidiary Board and Board Committee members;
- appointed independent external auditors;
- established robust, effective internal controls and internal audit.

The ARC terms of reference comply with current best practice and state:

- All members of the ARC shall be Non-Executive Directors;
- The Chair shall not be a member of the ARC.

The Group Executive Finance Director is responsible for ensuring that the audit arrangements are regularly reviewed and the outcome reported to the ARC, who in turn report to the Board. The performance and independence of the ARC will be reviewed as part of the annual Governance Effectiveness Review.

SECTION 5 – MAIN PRINCIPLE D: REMUNERATION

- D1:** Executive directors' remuneration should be designed to promote the long-term success of the company. Performance-related elements should be transparent, stretching and rigorously applied.
- D2:** There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.

30. Remuneration

Formal and transparent policies have been developed for setting the pay levels of non-executive and executive directors, underpinned by the principle that remuneration should be proportionate – and sufficient to attract, retain and motivate directors of the calibre needed to operate the business successfully.

31. RemNoms Committee

The Board has established a RemNoms Committee which will lead on all remuneration issues, including pension rights and compensation payments (where applicable) for the non-executive and executive directors – including the Chair and the Chief Executive. The terms of reference, which include the composition of the committee, are in line with current governance best practice.

The RemNoms Committee may take advice from independent consultants and/or commission or purchase any reports, surveys or information which it deems necessary to assist it in fulfilling its role.

32. NEDs payment

Bromford has developed an approach to NEDs payments (**Appendix 5 – Summary of approach to NEDs**). This applies to all NEDs who are currently with or who may, in the future, join the Board, Subsidiary Board and/or Board Committee.

The principles underpinning NEDs payments are:

- payment levels will be set having (i) taken independent external advice (usually every three years), (ii) considered the current sector guidance and (ii) reviewed sector and non-sector benchmarking information;
- payment levels will be proportionate to Bromford's turnover, structure and complexity;
- payment levels will reflect the roles, responsibilities and time commitment of the Chair and NEDs;
- all NEDs will be required to sign an Agreement for Services
- NEDs can claim for out-of-pocket expenses incurred whilst on Bromford's business. No other expenses will be reimbursed other than any hotel accommodation costs which will be met by Bromford;
- details of NEDs payments will be published in the Annual Report.

33. Executive remuneration

The RemNoms Committee is responsible for setting levels of Executive pay. Executives are remunerated in accordance with the Colleague Remuneration Policy.

The RemNoms Committee will consult the Chair and the Chief Executive about the remuneration of the other Executive Directors.

The principles underpinning the Executive Pay Policy will be:

- salaries and other benefits will be set at above average rate in order to attract above average talent and achieve above average performance;
- any performance related elements of the remuneration package will be linked to the achievement of specific and measurable targets, which will be reviewed annually; (the proportion of executive remuneration which is linked to performance is generally less in the housing association sector than in many private sector companies);
- remuneration packages will take account of the pay and terms and conditions applicable throughout Bromford.

If the Board agrees that an Executive Director may serve as a non-executive director in another organisation, the Board will decide whether any remuneration received may be retained by that Executive Director or must be passed to Bromford. If retained, then this will be declared in the Annual Report.

SECTION 6 – MAIN PRINCIPLE E: RELATIONS WITH SHAREHOLDERS

- E1:** There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.
- E2:** The board should use general meetings to communicate with investors and to encourage their participation.

NOTE: Due to its legal structure this Section does not apply to Bromford.

“Shareholder” under the Code generally refers to shareholders of [listed] companies who operate for profit and distribute this profit to shareholders through dividends.

However, as Bromford does have a variety of other stakeholders the Board supports the following:

34. Accountability and openness

Bromford is committed to acting in an open, transparent and accountable manner in relation to its various stakeholders. These include customers, prospective customers, funders, investors, regulator(s), local authorities and other public agencies, local communities, taxpayers and colleagues.

Whilst the Board appreciates the sensitivity of some commercial information and respects and protects an individual’s right to privacy, the ethos that Bromford wishes to adopt is one of openness and transparency.

35. Shareholders

As mentioned in Section 1, generally the Code applies to companies operating for a profit and which pay dividends to its shareholders. Bromford’s structure, common to the housing sector, is a not-for-profit organisation where the shareholders of the group, and subsidiary companies, are board directors who do not receive dividends.

Despite the above differences however, the Board is of the view that, generally, the principles of good governance as set out in the Code apply to Bromford whilst accepting that some aspects of the Code, particularly in relation to ‘shareholders’, may not be relevant.

36. Customers

Our purpose is to inspire everyone we work with to be the best they can be. We want to reduce levels of welfare dependency, overcoming barriers to getting people into work. We will aim to make our homes accessible to people in low paid work. We want to contribute to the creation of thriving, mixed communities that include role models of economically active tenants so we will be mindful of achieving a balanced blend of new residents, especially for major new developments.

The voice of the customer plays an important role in influencing service quality standards and monitoring delivery. Whilst much of this activity occurs outside formal governance structures, Bromford has developed robust customer engagement and scrutiny arrangements to enable customers to shape, influence and scrutinise service delivery. These ensure the Board retains a strong customer perspective at a strategic level and a clear understanding of the quality of services delivered to Bromford customers.

The accountability of the Board to Bromford’s customers, and ensuring that the views and feedback of customers are used to improve and develop services, is through the Customer & Communities Influence Network (CCIN) and the strategies and policies developed and implemented for customer

engagement and scrutiny. These strategies and policies describe the inter-relationship with the governance structure .