

**Terms of Reference**  
**for the Boards of Sage Housing Limited,**  
**Sage Rented Limited,**  
**Sage Homes RP Limited and**  
**Sage Housing Group Limited**

**Version 5**

**Approved by Board: 08/03/2023**

**Approved by the Parent: 17/04/2023**

## **Section A1 - Introduction**

### **5 Essential functions of the Board**

5.1 The Board will be responsible for the following:

- 5.1.1 providing effective and entrepreneurial leadership to promote the long-term sustainable success of the Company, to generate value for its investors and contributing to wider society;
- 5.1.2 establishing the purpose, values and strategy of the Company and satisfying itself that these and its culture are aligned;
- 5.1.3 ensuring that the necessary resources are in place for the Company to meet its objectives and measure performance against them;
- 5.1.4 establishing a framework of prudent and effective controls, which enable risk to be assessed and managed;
- 5.1.5 ensuring effective engagement with, and encouraging participation from its investors and other stakeholders;
- 5.1.6 ensuring that workforce policies and practices are consistent with the Company's values and support its long-term sustainable success.

5.2 The Board shall:

- 5.2.1 approve the Company's accounts each year, prior to publication, and approve each year's budget and strategic plan;
- 5.2.2 agree and/or adopt policies and make decisions on all matters that might create significant financial or other risk to the Company, or which raise material issues;
- 5.2.3 monitor the Company's performance in relation to its business planning, budgets, controls and decisions, taking into account customer feedback and the performance of other comparable organisations and ensuring the organisation operates effectively, efficiently and economically;
- 5.2.4 receive and monitor management accounts of the Company at each Board meeting;
- 5.2.5 set a positive culture, with strong customer focus;
- 5.2.6 provide oversight, direction and constructive challenge to the Company's Chief Executive and Executives;
- 5.2.7 assess the Company's compliance with the Code;
- 5.2.8 maintain oversight over the Company's compliance with the requirements of the Regulator of Social Housing;
- 5.2.9 satisfy itself that the Company's affairs are conducted lawfully and in accordance with all other applicable regulations and generally accepted standards of performance and probity.

## **6 Reserved Matters for the Board of the Parent**

- 6.1 The matters listed in paragraphs 6.2.1 to 6.2.25 below are specifically reserved to the Board of the Parent for approval
- 6.2 The reserved matters are:
- 6.2.1 Approval of the strategic plan.
  - 6.2.2 Extension of the Company's activities into new business or geographic areas.
  - 6.2.3 Approving the appointment or removal of the Company's Secretary.
  - 6.2.4 Decisions to cease to operate all or any material part of the Company's business.
  - 6.2.5 Admission to listing or trading on any securities exchange.
  - 6.2.6 Changes to the Company's management and control structure.
  - 6.2.7 Declarations of distribution or capital call of the Company.
  - 6.2.8 Incorporating trading subsidiaries or associated companies.
  - 6.2.9 Mergers or demergers, including involving the roll up of any investment vehicles.
  - 6.2.10 Issuing or purchasing any securities.
  - 6.2.11 Making of political donations or gifts.
  - 6.2.12 Disposals of an asset over a value of £1 million.
  - 6.2.13 Capital expenditure of a single item above £50,000.
  - 6.2.14 Variations of loan or capital structure, including entering into any loan or any transaction having the commercial effect of a borrowing or entering into any derivative or contract for differences or investment or make any grant.
  - 6.2.15 Entry into any guarantee indemnity or surety or provide security for the obligations of the third party.
  - 6.2.16 Changes to the structure, size and composition of the Board.
  - 6.2.17 Appointments to the Board.
  - 6.2.18 Admission of Shareholders.
  - 6.2.19 Changing the accounting reference date, auditors or registered office.
  - 6.2.20 Directors' continuation in office at the end of their term in office.
  - 6.2.21 Directors' continuation in office at any time, including the suspension or termination of service of an executive director as an employee of the Company.
  - 6.2.22 Any litigation or other legal proceedings where the value of the claim is more than £25,000 and is not for the recovery of debts in the ordinary course of business.

6.2.23 The employment (or termination of employment) of any person where the applicable emoluments and pension benefits for such person shall cost the Company more than £110,000 per annum or it is intended to increase emoluments or pension benefits of such employee by in excess of £50,000 per annum.

6.2.24 Major changes to the Company's pension scheme including changes of trustees and changes in the fund management arrangements.

6.2.25 The establishment of any long-term incentive plan.

## **7 Delegation**

7.1 In the event of any conflict between a Constitution and the Standing Orders, the Constitution shall supersede the Standing Orders.

7.2 It is the responsibility of the Board to decide what matters may be delegated to the Committees and Executives. The areas of responsibility delegated to the Committees and Executives are set out in these Standing Orders. However, the Company may from time to time delegate their powers in relation to specific matters and transactions.

7.3 The Board of the Company may delegate its powers to:

- (a) any Committee or number of Committee Members;
- (b) any Board Member or number of Board Members;
- (c) any executive officer or officers, and

1. any such delegation may be:

- (d) subject to any conditions that the Board may impose; and
- (e) imposed either collaterally with or to the exclusion of the relevant Board's own powers; and
- (f) revoked or altered.

7.4 Any decisions made on behalf of the Company in accordance with the delegations must be reported to the next meeting of the Board for noting.

## **8 Summary: Committees and Terms of Reference**

8.1 The Board shall establish and may change from time to time the membership of each Committee.

8.2 Each Board shall properly delegate its powers to the Committees as may be required to enable the Committees to operate on behalf of the Company.

8.3 The Committees' Terms of Reference determine the delegations and reporting structures. The Committees' Terms of Reference are set out in sections A3 to A6 of these Standing Orders.

8.4 The Company's **Audit & Risk Committee** has the responsibility of overseeing the Company's audit functions and leads on matters of probity and risk.

- 8.5 The role of the **Nomination and Remuneration Committee** is responsible for overseeing Board Member and Chief Executive appointments. It also agrees the remuneration strategy for all employees and remuneration for the Chief Executive and executive directors.
- 8.6 The **Acquisition Committee** has delegated authority to oversee acquisitions of larger schemes which are outside of the Acquisition Criteria Plan as approved by the Board from time to time.
- 8.7 The **Customer and People Committee** is responsible for supporting the current strategic direction of the Company by embedding a culture which supports ever improving outcomes for customers and members of the workforce.
- 8.8 The Board shall have power to give directions to any Committee in relation to the future exercise of delegated functions and it may exercise any function included in the delegation to the Committee.
- 8.9 Any Committee may submit a matter to the Board for decision, even though the power to deal with this matter has been delegated by the Board to the Committee.
- 8.10 The minutes of any decisions of a Committee taken pursuant to delegated powers shall be made available to all the Board and any Board Member may ask a question of the Chair of the Committee on any matter included in those minutes.
- 8.11 The Board and Committees will carry out an annual self-assessment to consider their effectiveness. The Board and Committees will also carry out a formal review of their effectiveness every three years to ensure best practice and that documentation is compliant with the latest legislation and regulations.

## **Section A3 - Terms of Reference for Board**

### **1 Introduction**

- 1.1 This document sets out the terms of reference for the board of Sage Housing Limited, Sage Rented Limited and Sage Shared Homes RP Limited (each a **Company**).
- 1.2 These terms of reference may be varied by the Board with the consent of the Parent from time to time.
- 1.3 References to the “**Code**” in these terms of reference mean the FRC UK Corporate Governance Code.

### **2 Composition**

- 2.1 The number of the Board shall be determined by the Parent. It is currently set at **9**.
- 2.2 At least half the Board, excluding the chair, should be non-executive directors whom the Board considers to be independent as defined by the Code.

### **3 Powers of the Board**

- 3.1 The Board shall direct the affairs of the Company in accordance with its articles of association and ensure that its functions are properly performed. The ultimate responsibility for the direction and management of the Company rests with the Board.
- 3.2 The Ringfencing Agreement entered into between the Company and the Parent lists matters which the Board may only undertake with the consent of the Parent. These have been reflected in these Terms of Reference.

### **4 Functions of the Board**

#### **4.1 Strategy and management**

- 4.1.1 The consideration of how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the Company's business model and how governance contributes to the delivery of its strategy.
- 4.1.2 Responsibility for the overall leadership of the Company and setting the Company's purpose, values and strategy.
- 4.1.3 Approval of the Company's business plans and long term strategy.
- 4.1.4 The consideration in Board discussions and decision-making of the matters set out in s172 of the Companies Act 2006. The Board shall ensure that stakeholder engagement mechanisms are kept under review so that they remain effective.
- 4.1.5 The assessment and monitoring of culture to ensure that management have aligned policy, practices and behaviour throughout the business with the Company's purpose, values and strategy.
- 4.1.6 Approvals of the annual operating and capital expenditure budgets and any material changes to them.

#### **4.2 Oversight of the Company's operations**

#### 4.2.1 Ensuring:

- (a) Competent and prudent management;
- (b) Sound planning;
- (c) Adequate accounting and other records; and
- (d) Compliance with statutory and regulatory obligations.

4.2.2 Review of performance in the light of the Company's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.

4.2.3 Extension of the Company's activities into new business or geographic areas, subject to the Parent's prior written consent.

4.2.4 Any decision to cease to operate all or any material part of the Company's business, subject to the Parent's prior written consent.

4.2.5 Any admission to listing or trading on any Securities Exchange, subject to the Parent's prior written consent.

### 4.3 **Structure and capital**

4.3.1 Changes relating to the Company's capital structure including reduction of capital, share issues (except under employee share plans), share buy backs.

4.3.2 Changes to the Company's management and control structure, subject to the Parent's prior written consent.

4.3.3 Declaration of a distribution, dividend (interim or final) or capital call of the Company, subject to the Parent's prior written consent.

4.3.4 Incorporating trading subsidiaries or associated companies, subject to the Parent's prior written consent.

4.3.5 Any merger or demerger, including involving the roll up of any investment vehicles, subject to the Parent's prior written consent.

4.3.6 Issuing or purchasing any securities, subject to the Parent's prior written consent.

4.3.7 Variations of loan or capital structure, including entering into (as lender or borrower or equivalent) any loan or any transaction having the commercial effect of a borrowing or entering into any derivative or contract for differences or investment or make any grant, subject to the Parent's prior written consent.

4.3.8 Enter into any guarantee, indemnity or surety or provide security for the obligations of the third party, subject to the Parent's prior written consent.

4.3.9 Admission of Shareholders, subject to the Parent's prior written consent.

### 4.4 **Financial reporting and controls**

4.4.1 Approval of the half-yearly report, interim management statements and any preliminary announcement of the final results.

- 4.4.2 Approval of the annual report and accounts, including the corporate governance statement and directors report and statement of directors' responsibilities.
- 4.4.3 Approval of the dividend policy.
- 4.4.4 Approval of any significant changes in accounting policies or practices.
- 4.4.5 Approval of treasury policies including foreign currency exposure and the use of financial derivatives.
- 4.4.6 Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).
- 4.4.7 Changing the accounting reference date, auditors or registered office, subject to the Parent's prior written consent.

#### **4.5 Internal controls**

- 4.5.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - (a) A robust assessment of the Company's emerging and principal risks;
  - (b) Approving the Company's risk appetite statements;
  - (c) Receiving reports on, and reviewing the effectiveness of, the Company's risk and control processes to support its strategy and objectives;
  - (d) Approving procedures for the detection of fraud and the prevention of bribery;
  - (e) Undertaking an annual assessment of these processes; and
  - (f) Approving an appropriate statement for inclusion in the annual report.

#### **4.6 Contracts**

- 4.6.1 Approval of major capital projects and oversight over execution and delivery.
- 4.6.2 Acquisitions of any asset within Board-approved programmes and budgets. Any acquisition of an asset over £100 million will require the Parent's prior written consent.
- 4.6.3 Any disposal of assets, any disposal of an asset over a value of £1 million will require the Parent's prior written consent.
- 4.6.4 Capital expenditure in respect of a single item up to £50,000, or in connection with the Company's agreement with Places for People. Any capital expenditure outside of these limits is subject to the Parent's prior written consent.
- 4.6.5 Loans or other payments made by the Company on behalf of anybody or person are subject to the Parent's prior written consent.

#### **4.7 Communication**



4.7.1 Approval of resolutions and corresponding documentation to be put forward to the Parent at a general meeting.

4.7.2 Approval of press releases concerning matters decided by the Board.

#### **4.8 Board membership and other appointments**

4.8.1 Changes to the structure, size and composition of the Board, subject to the Parent's prior written consent.

4.8.2 Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board.

4.8.3 Appointments to the Board, subject to the Parent's prior written consent

4.8.4 Selection of the chair of the Board and the chief executive, subject to the Parent's prior written consent.

4.8.5 Membership and chairship of Board committees.

4.8.6 Continuation in office of directors at the end of their term of office, subject to the Parent's prior written consent.

4.8.7 Continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the law and their service contract and subject to the Parent's prior written consent.

4.8.8 Appointment or removal of the Company secretary, subject to the Parent's prior written consent.

4.8.9 Appointment, reappointment or removal of the external auditor to be put to Parent for its approval, following the recommendation of the audit committee.

4.8.10 Appointments to Boards of subsidiaries and joint ventures.

#### **4.9 Remuneration**

4.9.1 Determining the remuneration policy for the directors, Company secretary and other senior executives.

4.9.2 Determining the remuneration of the non-executive directors, subject to the Parent's prior written consent.

#### **4.10 Delegation of authority**

4.10.1 The division of responsibilities between the chair, the chief executive and other executive directors, which should be clearly established, set out in writing and agreed by the Board.

4.10.2 Approval of the delegated levels of authority, including the Chief Executive's authority limits (which must be in writing).

4.10.3 Establishing Board committees and approving their terms of reference, and approving material changes thereto.

4.10.4 Receiving reports from Board committees on their activities.

#### **4.11 Corporate governance matters**

4.11.1 Undertaking formal and rigorous periodic reviews of its own performance, that of its committees and individual directors, and the division of responsibilities and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness.

4.11.2 Determining the independence of non-executive directors in light of their character, judgment and relationships.

4.11.3 Considering the balance of interests between the Parent, employees, customers and the community.

4.11.4 Review of the Company's overall corporate governance arrangements.

4.11.5 Ensuring that the Board as a whole has a clear understanding of the views of investors and their views on governance and performance against the Company's strategy.

4.11.6 Authorising conflicts of interest where permitted by the Company's articles of association. The Board should take action to identify and manage conflicts of interest to ensure that the influence of third parties does not compromise or override independent judgement.

#### **4.12 Policies**

4.12.1 Approval of policies, including:

- (a) Code of conduct;
- (b) Treasury;
- (c) Share dealing code;
- (d) Bribery prevention policy;
- (e) Whistleblowing policy;
- (f) Health and safety policy;
- (g) Environment and sustainability policy;
- (h) Human resources policy;
- (i) Corporate social responsibility policy;
- (j) Procurement Policy and
- (k) Charitable donations policy.

#### **4.13 Other**

4.13.1 The making of political donations and gifts, subject to the Parent's written consent.

- 4.13.2 Approval of the appointment of the Company's principal professional advisers.
- 4.13.3 Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism. Any litigation or other legal proceedings where the value of the claim is more than £25,000 and is not for the recovery of debts in the ordinary course of business shall be subject to the Parent's prior written consent.
- 4.13.4 Approval of the categories of insurance for the Company including directors' & officers' liability insurance and indemnification of directors.
- 4.13.5 Employment (or terminating the employment of) any person where the applicable emoluments and pension benefits for such person shall cost the Company more than £110,000 per annum or the Company proposes to increase the emoluments or pension benefits of such employee by more than £50,000 per annum, the Board shall obtain the Parent's prior written consent.
- 4.13.6 Changes to the Company's pension scheme, or changes of trustees or changes in the fund management arrangements, any material changes shall be subject to the Parent's prior written consent.
- 4.13.7 Establishment of any long-term incentive plan, subject to the Parent's prior written consent.
- 4.13.8 Any decision likely to have a material impact on the Company from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 4.13.9 The Board will receive reports and recommendations from time to time on any matter which it considers significant to the Company.
- 4.13.10 The Board should maintain oversight over the means for the workforce to raise concerns in confidence and the reports of the investigations and follow-up actions arising.
- 4.13.11 This schedule of matters reserved for Board decisions.

## **5 Meetings**

- 5.1 The Board shall meet at least 4 times every calendar year.
- 5.2 The quorum at meetings of the Board shall be two Board Members, of which at least one should be an Independent, Non-Executive Board Member.
- 5.3 The Group Secretary, or his or her deputy shall be in attendance at each meeting of the Board and shall (unless any contrary direction is given by the Board) keep full Minutes of each meeting.
- 5.4 Meetings of the Board can take place by conference call.

## **6 Urgent matters**

- 6.1 In dealing with matters which need to be dealt with urgently between regular Board meetings, a telephone or video conference meeting (an Urgency Meeting) will be held where a physical meeting is not possible. All directors shall be given notice of an Urgency Meeting and the quorum for Urgency Meetings shall be as set out in the Company's articles

of association. Any director who cannot attend will be sent the relevant papers and have the opportunity to give their views to the chair or another director or the Company. Decisions will be formally recorded in the minute book.

- 6.2 However, if the matter is routine and discussion is not necessary the approval of all the directors may be obtained by means of a written resolution, subject to the requirements of the Company's articles of association.
- 6.3 In all cases, however, the procedures should balance the need for urgency with the overriding principle that each director should be given as much information as possible, the time to consider it properly and an opportunity to discuss the matter prior to the commitment of the Company.

<b>Version</b>	<b>Amendments</b>	<b>Approved by Board</b>
1	Initial adoption	29/12/2017
2	Parent's review	20/04/2018
3	Annual review	08/12/2021
4	Annual review	07/12/2022
5	DCS review	08/03/2023