

SHANLY GROUP
CODE OF CORPORATE GOVERNANCE
2019

CONTENTS

	PAGE
SHANLY GROUP	3
THE BOARD	4
BOARD AND GROUP RESPONSIBILITIES	5
SHANLY FOUNDATION	8
GROUP DIRECTORS	9

SHANLY GROUP

The privately-owned Shanly Group is committed to being a responsible corporate employer and endeavours to adhere to relevant principles of corporate and social responsibility.

The Group operates in the commercial and residential property development industries. Levels of demand in the property industry can be affected by the economic situation and the state of consumer confidence, factors beyond the Group's control. As such the Group may have limited influence regarding overall levels of demand within its industries. However, by adhering to rigorous operational and financial controls, the Group endeavours to create value over the long term.

The Group pursues policies relating to the sustainability of the local environment and seeks to maintain safe and healthy working conditions, both in the office and on site as well as fostering an enjoyable working environment.

Corporate Structure

The Shanly Group of companies consists of two separate holding companies, Sorbon Homes Limited and Sorbon Investments Limited each of which own a number of subsidiary companies. This code applies to all companies within the Shanly Group, each of which has at least two members of the Group board serving as directors.

THE BOARD

Led by the founding Chairman, the Group board provides a balanced mix of entrepreneurial leadership, property and construction industry expertise, sound financial judgement as well as an input of independent and creative thought. The size and composition of the board reflects the scales and complexity of the Group's activities. The Board currently consists of a Chairman; finance director; operations director and two non-executive directors. Additional Board appointments may be made if deemed appropriate. The Board also regularly calls upon the counsel of the managing director of the residential development division as well as other senior regional/divisional directors.

A Group services division also exists which reports directly to the Board and provides services and support to the divisions to encourage consistency and transparency across the business. Group services functions include land, planning, architectural, commercial, technical, HR, marketing, IT, and finance.

All members of the Board should ensure that the interests of the Shanly Group are placed before any personal interests whether these be commercial or otherwise.

The Board will ensure that each company within the Shanly Group has appointed a Company Secretary to advise on statutory and regulatory matters. The Company Secretary may also be a member of the Board.

The Board operates within a framework of established prudent and effective controls which enables operational and financial risks to be assessed and managed on a continuing basis. It recognises and adheres to widely recognised codes of corporate governance and, where relevant, is collectively responsible for the application of the code in relation to the Group.

Board Meetings

The Board meets monthly. Reflecting the hands-on approach to Group operations, additional inter-regional/divisional meetings may be held at any time as necessary. All Group, regional and divisional operational and financial results in the month and year to date are presented to the Board and representations made by the relevant divisional senior management. Full and objective discussions are carried out. In addition to the regular full Board meetings, the Chairman and non-executive directors may meet from time to time as deemed appropriate.

The Board also decides on any transfers from retained profits to The Shanly Foundation.

BOARD AND GROUP RESPONSIBILITIES

The Board's main responsibilities are listed below. On certain occasions the Board may appoint committees to manage any of these topics. These committees will usually be led by a main Board executive director and report directly to the Board. Regional/divisional boards also meet regularly and any major issues are reported directly to the Group board.

Board changes and evaluation procedures

The Board seeks to maintain a stable structure with strong leadership. From time to time it may engage with an external specialist company to carry out comprehensive board reviews to evaluate its effectiveness.

Strategy and corporate objectives

The Board will regularly discuss strategy both for the short and long term. In essence the Board will develop and implement strategies that seek to protect the independence, style of operating, values, long term growth and financial health of the businesses. It recognises that the industries it operates in can be cyclical and be affected by factors beyond its control. These conditions have implications for Group financial policies which in turn influence operational objectives.

Operational practices and risk assessments

The Board ensures that operational procedures are documented and adhered to in order to maintain consistency of quality of the finished product and excellent customer service. It also oversees the adherence to all relevant laws, industry codes and regulations. Manuals and procedural documents are available and distributed to all relevant managers and employees while contractors are briefed concerning preferred Group methodologies and practices.

Care is taken when developing all construction sites, both residential and commercial, and specialist advice is taken when deemed appropriate to fully understand any operational risks. Regular site inspections are made, documented and presented to the Board in order to minimise build risks.

Additionally, the Board has a commitment to investment in simple IT and systems to enhance efficiency, retain staff, produce clear information, manage risk and improve internal controls.

Third Parties

The operating divisions within the Group manage day-to-day relationships with third parties, contractors and other counter parties. The Board will also oversee the relationships it has with its counter parties and contractors and will seek to ensure it acts in a fair and reasonable manner in its working relationships with these and all other relevant stakeholders.

Financial controls, budgeting, cash flow and debt management

Full annual budgets are prepared and regularly checked against achieved results. Longer term budgets are also prepared on an on-going basis. All budgets are agreed with regional/divisional senior directors and are thoroughly researched by the finance department.

The Group's cash flow and working capital are rigorously monitored to ensure the Group's traditional conservative financial position is not jeopardised. Debt is monitored regularly. Relationships with the Group's bankers, auditors, lawyers and financial advisors are effectively managed on a consistent basis and advice sought when deemed relevant.

The Board has the responsibility to appoint independent and effective external auditors. Where statute permits, the Board may dispense with the audit of the smaller subsidiaries within the Shanly Group. The non-executive directors are able to consult with the external auditors should they wish without the presence of the executive directors.

Staffing and HR policies

The HR department oversees all recruitment, employment performance and relations, training, pension, benefits and employee wellbeing policies and issues. In addition to relevant compulsory industry qualifications and training, staff are actively encouraged to pursue additional personal development training programmes.

The Group regularly holds staff functions both within the offices and off-site and encourages office environments that are enjoyable to work in. New employees are fully inducted into both the Group and their role with the Group's employment policies easily accessible. A youth training programme and academy are also adopted with the aim of encouraging young people into the industry. Employees are also invited to attend the regular Shanly Foundation meetings.

Remuneration and financial incentive schemes

The Group adopts competitive remuneration policies and regularly evaluates its own remuneration levels with relevant comparable industry data where available. With respect to executive pay, a non-executive director is part of the director remuneration committee to ensure fair and impartial decisions are made and that the basis of such remuneration is designed to promote the long-term success of the Group. Any additional rewards to staff will be based on both company and individual performance.

Succession planning for key Group positions

The Board regularly debates succession plans throughout the business as well as the effectiveness of all senior positions, including the Board, to ensure longevity of the business.

Health and safety policies

Relevant health and safety policies are regularly monitored. All development sites are continually evaluated and documented by external, independent specialist companies and reported upon at Board meetings. Health & safety training is regularly carried out with all relevant staff and is monitored by the HR department.

Sustainability policies

The Group places a great deal of emphasis on the wider environment and seeks to enhance the natural environment through attractive landscaping design and the preservation of protected areas. Via a long term arrangement with the Woodland Trust, for every apartment built the Group funds the planting of 10 native trees and, for every house, 20 such trees are planted.

Additionally, the Group endeavours to use thermal efficient methods of build and effective disposal of waste in order to minimise the environmental impact of its operations without compromising quality. The Group has also partnered with the National Community Wood Recycling Project enabling the Group to further reduce landfill usage and increase the volume of waste being re-used, re-sold or recycled.

Customer/tenant facing policies

Each of our new homes built benefit from an industry acknowledged 10-year insurance policy while in the initial 2 year period from purchase the Shanly Homes customer care team is on-hand to address any potential faults or issues. The Group carefully adheres to the Consumer Code for Home Builders which ensures that all customers are treated fairly and provided with the information they need.

The estates team regularly engage with all commercial tenants on upcoming lease events and to discuss any relevant issues which may support their business. Our in-house maintenance and projects teams are available for pro-active and reactive works to ensure the portfolio is maintained to the required standards and that commercial spaces are enhanced where appropriate.

Community engagement










The Group consults with relevant local communities and groups in conjunction with development sites and fosters appropriate relationships with relevant stakeholders.

SHANLY FOUNDATION

The Shanly Foundation primarily supports good causes predominantly within Berkshire, Buckinghamshire, Hampshire, Hertfordshire, North London, Oxfordshire, Surrey and West Sussex. From time to time it also lends support to national and international organisations.

The Shanly Foundation is funded entirely from the discretionary distribution of profits made by the companies that make up the Shanly Group. Initially established in 1997 through the creation of the Michael Shanly Charitable Trust, it became the Shanly Foundation in 2012 (registered charity no: 1065044).

Here are some of the charities the Shanly Foundation supported in 2019:

 <p>SportsAble Maidenhead, Berkshire</p> <p>Providing sports, activities and facilities to people with disabilities in the UK.</p>	 <p>Thames Valley Adventure Playground Taplow, Berkshire</p> <p>Open all year round to children and adults with all types of special needs.</p>	 <p>Sayers Croft Cranleigh, Surrey</p> <p>Providing quality outdoor experiences for young people.</p>
 <p>Berkshire Search & Rescue Dogs Bracknell, Berkshire</p> <p>Assisting in locating lost or missing vulnerable people within Berkshire and its surrounding areas.</p>	 <p>Thomley Activity Centre Worminghall, Buckinghamshire</p> <p>Offering fun days out for disabled people of all ages.</p>	 <p>Thames Hospice Windsor, Berkshire</p> <p>Providing vital adult hospice services in East Berkshire and South Buckinghamshire.</p>
 <p>Home Start Surrey Heath Camberley, Surrey</p> <p>Providing a support service for families in Surrey Heath.</p>	 <p>SATRO Guildford, Surrey</p> <p>Working closely with schools and young people to provide real-life working world experience.</p>	 <p>Lambeth & Southwark Mencap West Norwood, London</p> <p>Providing services and activities for adults with a learning disability across South London.</p>

A longer list of the charities supported is available on our website: shanlyfoundation.com

GROUP DIRECTORS

Chairman: Michael Shanly

Our Chairman began his career in the construction industry in the late-1960s building his first Shanly Homes development in Pinner, Middlesex in 1969. The business steadily grew and was complemented 5 years later with a commercial property operation which is now Sorbon Estates. Michael's keen architectural and design interests are reflected in the Group's distinctive and characterful new homes and refurbished commercial properties.

Operations Director: Tamra Booth

Since 2004 Tamra has been responsible for implementing some key strategies such as marketing, human resources and customer facing policies. Tamra is also Managing Director of Sorbon Estates, the commercial property arm of the Group.

Finance Director: Nick Trott

Nick joined the Group in 2000 as Group Finance Director having previously held director positions at several regional housebuilders. With a long history in the property development sector, Nick is an integral member of the executive team.

Non-Executive Director: Don Tucker

Don was appointed a non-executive director in 2013 having previously been the Group's Managing Director for over 20 years. Don's considerable experience offers the Board a deep insight into not only the property industry but also the workings of the Group as a whole.

Non-Executive Director: Tim Potter

Tim joined the Group in 2008 having previously worked in the financial services industry for over 30 years. With considerable experience analysing and advising businesses, Tim brings independent and strategic thought to the Shanly Group.

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