



# Credit Information Governance Body

## *Subscriber Safeguards Policy*

Version	Date	Owner	Author	Approved by	Document Location	Comments
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Background .....	3
Decision-making safeguards .....	3
CIGB’s decision-making safeguards .....	4
Representation safeguards .....	4
Substance safeguards .....	5
<i>Legal advice / CBA</i> .....	5
<i>Refer to Advisory Council</i> .....	5
<i>The minority safety net</i> .....	6
Safety net criteria .....	7
<i>Answerability safeguards</i> .....	7

## Background

It is important that the CIGB Board can make decisions in the best interests of its stakeholders and that the CIGB Board can be held to account for these decisions. A thorough decision-making process has been designed, including various safeguards to ensure the CIGB's decisions do not have unexpected adverse effects on firms or the industry.

The CIGB Board will be required to make decisions on and be held to account for decisions, both internal and external, to the organisation. Examples of external decisions would be the implementation methods of the CIMS industry-led remedies and changes to the scheme rules. Internal decisions within the CIGB would include changes to subscription fees. The CIGB needs decision-making processes which allow these decisions to be made as effectively and efficiently as possible and for which the Board can be held to account. As a general caveat, the CIGB Board will be required to take fair, proportionate, and reasonable decisions for the industry with a requirement to identify and minimise costs in the context of decision making.

There is robust guidance on how these decisions are to be made and strict protocols around the decision making process detailed in the Board Constitution and Decision Making Policy. In addition to this, decision making safeguards have been put in place to ensure parity and fairness. These details are mirrored in other policies to ensure consistency.

## Decision-making safeguards

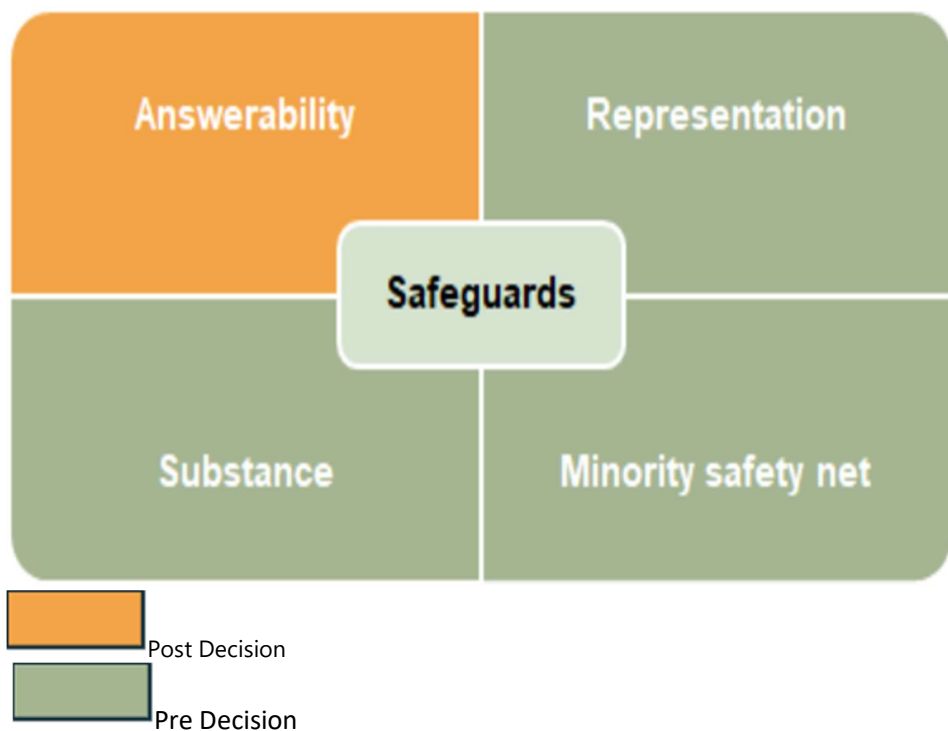
Alongside the thresholds set out by the ordinary and special procedure processes, it was considered important that further safeguards be put in place to ensure the CIGB's decisions do not have unexpected adverse impacts on the operation of the credit information industry or its stakeholders.

These safeguards can be classified into

1. representation safeguards;
2. substance safeguards,
3. safeguards to avoid prejudice to a minority
4. answerability safeguards.

While the first three safeguards occur before decisions have been made by the CIGB Board, the fourth (answerability) safeguard takes place once a decision has been made.

## CIGB's decision-making safeguards



### Representation safeguards

It is important to ensure that the representation by the Directors involved in decision-making is protected and is not prejudiced. CIGB Board decision-making process require:

1. Full adherence to a the conflict-of-interest policy
2. Quorum of the Board.

Conflicts-of-interest (CoI) policy requires the maintenance of a register of interests. It guides the CIGB's Chair on a decision on the Director's participation at a Board meeting relating to any of the Director's conflicted interests.

If the Chair determines the Director cannot participate in meetings relating to their conflicted interest, an alternate Director from the same cohort can instead attend, to ensure the cohort is still adequately represented at Board level.

A 'quorum' is the minimum number of Directors that need to be present at a Board meeting to allow the Board to make decisions that can bind the company. To keep a majority Independent Board, CIGB's quorum should consist of:

- A Minimum of 5 Directors
- 3 x Independent
- 2 x Nominated

Decisions can only be taken by the CIGB Board if this quorum is met. Whether the quorum has been met will be assessed both by the CIGB secretariat prior to the meeting and by the CIGB's Chair within the meeting.

If the quorum is not met, the CIGB's Chair will postpone any voting on the particular issue but may still hold the meeting to discuss it. This quorum should be used for both ordinary and special procedure decisions.

All Directors are expected to attend all CIGB Board meetings per standard practice, and their attendance record will be published in the annual report. Frequent or deliberate absences will be considered by the CIGB as a breach of the Director's responsibilities. Further, the Nominee Directors have the option of seeking an alternate to be present at a Board meeting in exceptional scenarios or in conflict-of-interest circumstances. Therefore, the quorum will not exclude stakeholders from decision-making. Independent Directors, along with the Chair of the Board, must constitute a majority of the CIGB Board to meet quorum. If more than five Directors are attending the CIGB Board, three Independent Directors (including the Chair) shall be considered sufficient to have met this condition and the Board shall be considered quorate.

The quorum will be amended if there is change to the composition of the CIGB Board.

## Substance safeguards

These are the safeguards that will ensure that the decisions presented to the CIGB Board have accounted for relevant perspectives and evidence. The CIGB's decision-making should be safeguarded with protections that allow for:

- Obtaining legal advice and/or CBA
- Referral to a relevant Advisory Council.

## *Legal advice / CBA*

To ensure the decisions to be made by the CIGB Board have been subject to appropriate analysis and evidence gathering, the CIGB Directors can request the Chair to obtain a CBA and/or seek legal advice on any agenda item. This is in addition to other analysis already undertaken by CIGB staff or Advisory Councils (for example, all decisions regarding the CIMS industry-led remedies will require a CBA to be undertaken before the decision is made). If the Chair rejects the request, it must communicate its ruling with reasons to the Board at the start of each relevant Board Meeting.

## *Refer to Advisory Council*

The CIGB's Advisory Councils have been put in place as an integral source of industry insights, expertise, and stakeholder views for the CIGB Board. CIGB Directors should have the power to engage the relevant Advisory Councils and leverage their expertise on any decision to be taken by them.

It is noted that constantly seeking such inputs may be counter-productive to efficiency and could be utilised to delay decision-making. Therefore, at a Board meeting, any two Directors can request that a decision be delayed until the relevant Advisory Council has provided inputs on the subject. However, this can only be utilised if the subject has not already been discussed by the relevant Advisory Council. The Chair will exercise discretion in relation to seeking legal advice/CBA and Advisory Council referral. This includes lack of merit, avoiding duplicity, and efficient use of CIGB resources. As a failsafe, a simple

majority of the CIGB Board can overrule the Chair's rejection of a request to exercise any of the above safeguards.

Each Director exercising these safeguards should have sight of the burden of these safeguards on CIGB's resources and effective decision-making, and accordingly, act in the best interests of the CIGB. The CIGB Board should also keep under review the staff resources available for these purposes and make appropriate additions wherever required.

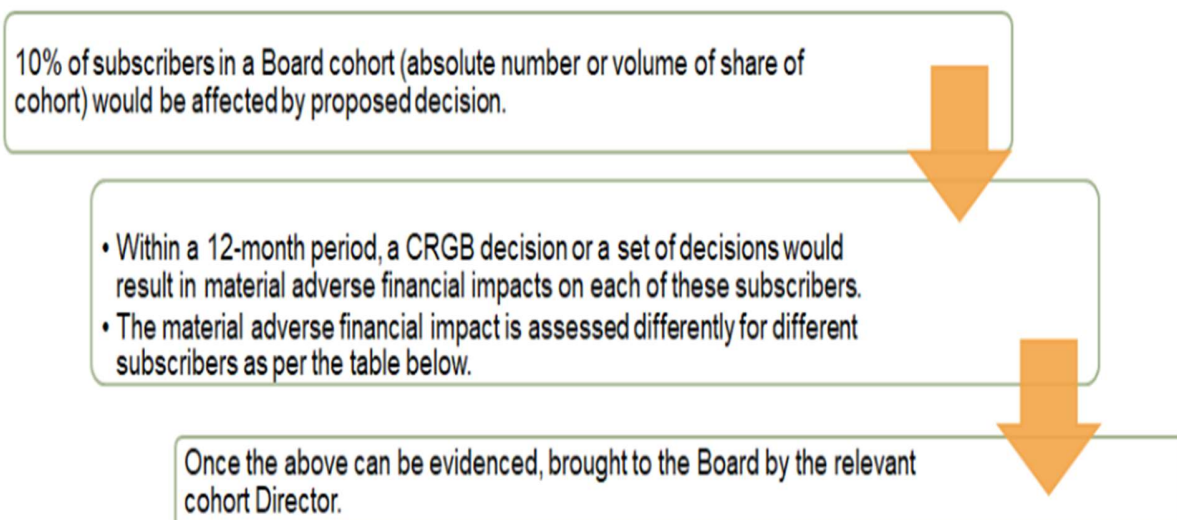
### *The minority safety net*

The minority safety net can only be exercised prior to the CIGB Board taking a vote on a decision. An appeals process has been defined for once a vote has taken place. The minority safety net can only be used to delay a decision in order for an alternative proposal to be considered, it is not a veto. For decisions on the CIMS industry-led remedies, the minority safety net can only be used on the implementation approach agreed by the CIGB and not the fact of the remedy itself or the fact of its enactment.

The minority safety net cannot be invoked when the CIGB is taking the following decisions:

1. Appointment or removal of any CIGB personnel, Board Director, company secretary, auditor or banker.
2. Any corporate governance matters.
3. Rule or contract disputes between subscribers themselves, and subscribers and the CIGB.
4. The approval of any training or accreditation scheme.
5. Any contract or arrangement between the CIGB and a third party, which does not have a detrimental impact on financial contributions to the CIGB by its subscribers and members.

The following evidence will be needed to trigger the use of the safety net:



## Safety net criteria

Material adverse impact	Cohort A	Cohort B	Cohort C	Cohort D
More than £1m	Any firm in these cohorts at any tier can trigger			
More than £0.5m	Only tier 2 subscribers can trigger	Only tier 3, 4 and 5 subscribers can trigger	Any firm in this cohort can trigger	Only tier 2 subscribers can trigger
More than £0.25m but less than £0.5m	Cannot trigger	Only tier 5 subscribers can trigger	Only tier 2 subscribers can trigger	Cannot trigger

If the above thresholds cannot be met, but the use of the safety net is still sought by a subscriber(s), their case will be presented to the CIGB Board for further consideration. In such cases, the Board may also consider qualitative evidence.

For consumer groups, the Independent Director with experience of consumer rights/issues can trigger the use of the safety net if they can confirm the proposed decision will lead to significant consumer detriment in terms of price, quality, range, services, or consumer rights.

Following a valid triggering of the safety net, the proposed decision before the CIGB Board will be paused. The subscribers who triggered the safety net will then be required to offer an alternative proposal for consideration within a reasonable timeframe, as determined by the Board. An alternate solution will be subject to the CIGB decision-making process.

### *Answerability safeguards*

An appeal must be raised within 30 working days of a decision being published by the CIGB. The appeal can be raised by an individual firm or a cohort(s).

The appeal process for the CIGB is detailed in the CIGB Appeals Policy and the CIGB Board Constitution and Decision Making Policy