

WRIGLEYS
— SOLICITORS —



Energise Barnsley

**CORPORATE GOVERNANCE
STATEMENT**

JANUARY 2024

VERSION 1.7

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Introduction

Energise Barnsley Limited (**EB**) is a community benefit society (**CBS**) registered with the Financial Conduct Authority (**FCA**) on 30 July 2015 with registered society number 7180. It is governed by a set of rules (the **Rules**). A copy of the Rules can be found here: <https://mutuals.fca.org.uk/Search/Society/27962>.

The key piece of legislation governing CBSs is the [Co-operative and Community Benefit Societies Act 2014](#) (the **2014 Act**).

The FCA is the registering authority for CBSs, as set out in the 2014 Act. It has published useful guidance on its role as the registering authority under the 2014 Act and the requirements that CBSs must comply with in order to meet the requirements for registration. The guidance is available here: [FG15/12: Guidance on the FCA’s registration function under the Co-operative and Community Benefit Societies Act 2014](#)

This document details key principles across a number of core governance areas that EB must meet in the exercise of its functions and before it examines the provisions in the Rules, policies or other governance documents, processes and procedures that relate to, and demonstrate EB’s compliance with, each of these principles.

It is intended that this Corporate Governance Statement will be subject to regular, annual review by the Board of EB so that it is kept up to date and reflects the high standards of governance expected by its key stakeholders, the community it serves and any regulator. EB has consulted the Council in the formulation of this Statement and EB will give due consideration to any matters which the Council and the custodian trustee consider appropriate when undertaking a periodic review.

This Statement is not intended to be exhaustive nor limiting of the effect of guidance and regulation relevant to EB.

1. Community Benefit Societies – key principles

Purpose

- 1.1 The purpose of a CBS is to serve the broader interests of its community. Under the 2014 Act, every CBS is required to “carry on a business, industry or trade” that is “being, or intended to be, conducted for the benefit of the community”. The 2014 Act does not provide any further definition as to what a CBS is, and it is therefore necessary to rely on the FCA’s registration guidance, provided in its role as the registering authority of CBSs, for further information. In its guidance, the FCA states that “the conduct of a CBS’ business must be entirely for the benefit of the community”. A CBS therefore cannot have alternative or secondary purposes, including any that may preferentially benefit its members. As a CBS, this applies to EB.

Members

- 1.2 CBSs usually have members who hold shares and are afforded democratic rights based on a one-member-one-vote principle in shareholder meetings. The FCA makes clear that it is not usually appropriate for a CBS to convey greater governance rights or benefits upon a group of members, because the society must be conducting its business for the benefit of its community. The FCA's expectation is that CBSs are run democratically based on one-member-one vote. In departing from this position, the FCA would need to be convinced that the reason for a society doing so would benefit the CBS' community. As a CBS, this applies to EB.

Application of Profits

- 1.3 Any profit (or surplus) generated by a CBS must be used for the benefit of its community. Profits cannot be distributed to the members of a CBS. Whilst interest can be paid to members on the share capital that they hold, this is seen as a cost of capital rather than as a distribution of profit, and it should be subject to a declared maximum rate which is no higher than that required to obtain and retain the share capital. The current declared maximum rate is 4% as set at the Board meeting 'Resolution to approve bond' on 28 July 2021. As a CBS, this applies to EB.

Use of assets and asset lock

- 1.4 CBSs must only use their assets for the benefit of the community. If a CBS is transferred to, converted into, or amalgamated (merged) with, another legal entity, its assets must continue to be used for the benefit of the community and must not be distributed to its members. In addition, a CBS can be registered with a statutory asset lock pursuant to section 29 of the 2014 Act and The Community Benefit Societies (Restriction on Use of Assets) Regulations 2006. EB was registered with a statutory asset lock as set out in Rule 35 of the Rules. The effect of the statutory asset lock is that EB can only transfer its assets for and at value, or to a similarly asset locked entity such as another statutory asset locked CBS, a community interest company of a charity. Once embedded in the rules of a CBS, the statutory asset remains in perpetuity.

2. Membership – voice, participation and engagement

Principles

- 2.1 CBSs are member-owned and controlled democratic organisations that demonstrate a clear chain of accountability between the members and the board of directors.
- 2.2 Members have clearly defined democratic rights and responsibilities and should collectively and pro-actively hold the board to account for the performance and success of the CBS.
- 2.3 Membership should represent the diverse nature of the CBS' community and its other stakeholders.
- 2.4 The board of a CBS should promote a vibrant democracy and should communicate with members in ways that encourage active, democratic member participation. It should implement policies and procedures that encourage members to use their democratic rights and actively engage with and influence the CBS.

Provisions

Membership policy

- 2.5 EB's board of directors (**Board**) is responsible for admitting individuals and organisations into membership of EB, and has adopted a membership policy that, alongside the Rules, sets out the processes by which individuals and organisations are admitted into, and removed from, membership of EB (**Membership Policy**).
- 2.6 The Membership Policy sets out the priorities of the Board in relation to the composition of the membership of EB. The Board understands the importance, and the governance advantages, of EB's membership reflecting EB's community and wider stakeholders. To enable this, the Board encourages and prefers applications for membership from the community within the Metropolitan Borough of Barnsley, including the tenants of homes on which solar panels are installed and managed by EB, and other individuals living or working, or organisations based or working, in the Metropolitan Borough of Barnsley. The Board works with Barnsley Metropolitan Borough Council to explore further ways of increasing and diversifying the membership of EB within this target community. The current Membership Policy was approved by the Board at the Special General Meeting on 4 April 2023.

Appointment of members

- 2.7 Members of EB must be 16 years or older and must satisfy any procedures required by the Board to become a member (Rule 12.1). The Board is responsible for admitting individuals and organisations into membership of EB, and in doing so will have regard to the Membership Policy. The minimum number of members of EB is two if both members are either a co-operative society and/or a CBS, otherwise it is three (Rule 7.10). There is currently no member that is a cooperative society.

- 2.8 Members of EB must have a minimum shareholding of one £1 share, any member who ceases to hold at least one £1 share will no longer be a member of EB (Rules 4.1 and 4.2). Unless otherwise stated in relation to the relevant share issue, shares issued by EB are withdrawable and not transferable.
- 2.9 A member may hold any shares in their own name or they may hold them jointly (with up to three others) (Rule 11.1). However, to comply with the one-member-one-vote principle, as well as for the purposes of paying interest, the joint holders of a share constitute one member (Rule 11.3).
- 2.10 A member's total withdrawable shareholding cannot exceed £100,000 (the maximum amount currently permitted by law). However, this maximum limit does not apply if the member is a co-operative society or a CBS (Rule 5.1).

Transfer of membership and termination of membership

- 2.11 Subject to the consent of the Board, a member can transfer any of their non-withdrawable shares to any other person. Withdrawable shares are non-transferable (Rule 9.1). Unless otherwise stated in relation to the relevant share issue, shares issued by EB are withdrawable and not transferable.
- 2.12 The Board has the power to permit withdrawable shares in EB to be withdrawn (and therefore repaid) by agreement with the member holding those shares and in accordance with any procedures or other conditions the Board may set. On withdrawal, the amount repayable to the member is the amount paid for their shares less any costs incurred by EB in relation to the withdrawal (Rule 7.2).
- 2.13 The Board may suspend or limit a member's right to withdraw shares (Rule 7.9). In these circumstances, members may surrender all their shares. On surrender, the Board has the discretion to pay some or all of the money paid for the shares (Rule 7.12).
- 2.14 The Board may require the redemption of a proportion or all of the shares held by a member in EB, by issuing a notice to that member requiring redemption (Rule 7.3).

Decision making at annual general meetings (AGM)

- 2.15 At EB's AGM (and other general meetings of EB), each member has one vote, irrespective of the number of shares they hold in EB (Rule 32.1). This ensures that the democratic principles on which a CBS is intended to be governed are respected.
- 2.16 Rule 31 point 9 of EB contains the detail of proxy or postal/electronic vote provisions.

Duties of members

- 2.17 All members must comply with the Rules, the Membership Policy, and any other policies and procedures introduced by the Board and brought to the attention of the members from time to time.
- 2.18 All members are under a duty to keep information relating to EB confidential. This shall include, but is not limited to, financial information relating to EB which is not in the public domain and any information regarding individual members which would reasonably be considered to be confidential (**Confidential Information**).
- 2.19 Notwithstanding paragraph 2.18, members of EB may disclose Confidential Information, where and to the extent that it is reasonably necessary to do so in order to:
- 2.19.1 exercise their proper duties as members of EB;
 - 2.19.2 further the objectives of EB; and
 - 2.19.3 with respect to the Custodian Trustee, exercise any rights and obligations under the solar concession agreement between EB and Barnsley MBC dated 28 August 2015 (as amended from time to time).

3. Custodian Trustee

Principles

- 3.1 EB shall have a custodian trustee which will act to support and oversee the governance of EB. The first such custodian trustee shall be Barnsley Metropolitan Borough Council (**Barnsley MBC**).

Provisions

Role and responsibilities

- 3.2 EB has a custodian trustee who has responsibility for overseeing the governance of EB (including the management of conflicts of interest at Board meetings and the proper discharge of the role of directors), offering guidance and ensuring that any surplus generated by EB is used in furtherance of its objects and for the benefit of the community (Rule 32A.1). The first custodian trustee is Barnsley MBC, or its authorised representative, which shall become a member of EB (Rule 32A.2). It is not a director of EB, although the custodian trustee has the right to appoint (and remove) a director to (and from) the Board (see below).
- 3.3 If Barnsley MBC decides no longer to be a member of EB (in which case it would cease to be the custodian trustee), the Board is required to call a special general meeting of the members of EB to allow the members to appoint a new custodian trustee. The meeting may take place up to twelve months before the custodian trustee ceases to be a member, but the custodian trustee cannot cease to be a member before the members have appointed a replacement.
- 3.4 Barnsley MBC and the Board review the role and performance of the custodian trustee from time to time and explore ways in which Barnsley MBC's role as custodian trustee can be strengthened within the parameters of the 2014 Act. The rights and obligations of the custodian trustee are set out in paragraphs 3.5 to 3.9 below.

Existing rights of the custodian trustee

- 3.5 The custodian trustee has:
- 3.5.1 the express role of overseeing the governance of EB (including the management of conflicts of interest at Board meetings and the proper discharge of the role of directors) (Rule 32A.1);
 - 3.5.2 a right to receive copies of all Board papers (including Board meeting agendas and minutes) in a timely and regular way prior to, or following, each Board meeting (as the case may be), and in any event at the same time as they are provided to the directors (Rule 32A.3);
 - 3.5.3 a right to examine EB's registers and records (Rule 32A.4) and to require EB to undertake a governance audit or review where the custodian trustee

reasonably considers that there is a lack of good governance, want of probity or other similar concern (Rule 32A.5);

- 3.5.4 an obligation to report to the Board (and to the members annually at EB's annual general meeting) on the adequacy of EB's governance arrangements and to identify any proposed measures or reviews aimed at ensuring that EB operates to a high standard of governance (Rule 32A.6);
 - 3.5.5 a right to be consulted in advance as to the identity of any proposed director (whether that proposed appointment is by the members at an annual general meeting, or co-opted by the Board) (Rule 18.6); and
 - 3.5.6 a right to suspend a director for a period of no more than 30 days where it considers, acting reasonably and in good faith, that the relevant director is failing to fulfil his/her statutory and/or fiduciary duties to EB (including failing to act in the best interests of EB and its community, or failing to comply with EB's rules relating to the management of conflicts of interest). At the time of enforcing any such suspension, the custodian trustee must call for a Board meeting to be held within the suspension period for the Board to discuss and decide whether the relevant director should have their directorship terminated by the Board. In the event that the Board decides that the relevant director should not have their directorship terminated, the suspension of the relevant director shall immediately cease (Rule 18.12).
- 3.6 When EB uses any financial surplus to achieve its objects (i.e. through the application of EB's community fund), the Board must hold a Board meeting to vote on how to apply these funds. In this situation, the custodian trustee has a casting vote and may veto a decision of the Board at its sole discretion, if it considers the decision would not be in EB's best interests, not be in the best interests of EB's members or community, or otherwise not be in accordance with the Rules (Rule 32A.8).
 - 3.7 The custodian trustee has the right to nominate where the surplus assets of EB would go to on its winding up (Rule 34.5.2).
 - 3.8 The custodian trustee has the right to appoint and remove one director to/from the Board, in addition to those appointed under Rules 18.4 and 18.5, providing it gives notice to the Board (Rule 18.7).
 - 3.9 The custodian trustee has the right to veto certain changes to the Rules. These include changes to the objects of EB or the application of its assets on a winding up (Rule 33.3).

4. EB's Board – rights and responsibilities

Principles

- 4.1 Directors must promote the success of EB and act in the best interests of EB as a whole, for the benefit of its community and should discharge their statutory and fiduciary duties. Directors should act objectively and fairly and serve the interests of EB's community, including the protection of the assets of EB.
- 4.2 All directors should have sufficient information and enough time to meet their Board responsibilities, discharge their duties and take an active role in decision making.
- 4.3 There should be a clear division of responsibility between the day-to-day leadership provided by the Board and the oversight provided by the members.
- 4.4 The Board should ensure that it has the policies, processes, information, time, resources and assurance it needs in order to function effectively and efficiently.
- 4.5 The Board should establish committees and delegate specific aspects of its remit to them, where the work of EB requires them. The scope of such committees should be clear and include confirmation that they operate under the delegated power of the Board.

Provisions

- 4.6 The Board manages the day to day business of EB and may exercise any of EB's powers following a valid decision passed at a quorate Board meeting. The powers of the Board are set out at Rule 36. The Board may also delegate any of their powers to a committee (of two or more directors) or delegate any of their powers to a sole director (Rule 18.2).
- 4.7 The Board regularly considers the committees required when set against EB's size, complexity and risk profile to enable the Board to carry out its role effectively.
- 4.8 The Board seeks to understand the views of EB's members (including Barnsley MCB in its role as custodian trustee) and other key stakeholders and has regard to these in Board discussions and decision making.
- 4.9 The Board keeps member engagement mechanisms under review so they remain effective and enable members to hold the Board to account.
- 4.10 The responsibilities of EB's chair, Board and any committees of the Board are clear, set out in writing, agreed by the Board and made available to members. In relation to committees of the Board, these are set out in written terms of reference which are agreed by the Board.

- 4.11 The Board appoints a chair and a vice-chair (if appropriate) to chair their meetings (Rule 24.2). Individuals are selected on the basis of their chairing skills and ability to demonstrate the responsibilities required for the role.
- 4.12 The Board is provided with appropriate information to support agenda items, including good quality, accurate, up to date performance and monitoring data. The Board regularly reviews the quality and relevance of the information it receives.
- 4.13 Board members receive information to enable them to fully participate in Board matters and make decisions to discharge their duties effectively in advance of any Board meeting and have access to appropriate ancillary information outside of Board meetings.
- 4.14 Before undertaking their appointment, directors are asked to satisfy themselves that they will have enough time to fulfil their role to the best of their ability and also asked that additional external appointments should not be undertaken without the prior approval of the Board.
- 4.15 Upon their appointment, directors receive a comprehensive induction explaining their role, the governance processes and procedures of EB, and EB's work, projects and activities.
- 4.16 The independent directors appointed pursuant to clause 5.7 below shall be entitled to take independent advice on any matter the reasonable and proper costs of which shall be met by EB.

5. EB's Board – Board composition, succession and evaluation

Principles

- 5.1 The Board is elected, and accountable to, the members in general meeting. The Board should ensure that there is a rigorous, active, transparent and democratic approach to renewal of Board membership and consideration should be given matters of equality and diversity as well as to the length of service of the directors to ensure independence of thinking and approach.
- 5.2 The election and appointment process should be formal and transparent and ensure that the democratic rights of members can be exercised and should be based on merit and objective criteria. Directors should be comprehensively inducted into their role and EB.
- 5.3 The Board should engage in active discussions around composition and succession planning, including ensuring that the Board is of an appropriate size, to ensure successful leadership and so it can represent the membership of EB and the community.
- 5.4 The Board should ensure that its composition reflects the diversity of its membership, stakeholders and community; it is structured so that no one individual, or group, dominates it; it has a balance of newly elected and experienced directors; and promotes diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. To ensure that the Board can fulfil its role properly, and act to its full potential, the Board should consider the value of recruiting directors with differing relationships with EB.
- 5.5 The Board and its committees (where they have been established) should demonstrate a high level of collective competence and should have a combination of skills, knowledge, experiences and democratic connection to the members and the community relevant to the needs of EB and its members and community.
- 5.6 The Board should undertake a formal and rigorous annual evaluation of its performance. Evaluation of the Board should consider its composition, diversity and how effectively directors work together to achieve the objects of EB and generate value for its membership and community. Individual evaluation should demonstrate whether each director continues to contribute effectively and their commitment to the role.

Provisions

Appointing directors

- 5.7 EB must have a minimum of two directors at all times. Where there is only one director, that sole director has the authority to appoint a second director. EB shall have at least two directors who are individuals and who represent the community in the Metropolitan Borough of Barnsley through living or working there, and who are not, or are not connected with, Barnsley MBC, the custodian trustee, any

bondholder or investor in EB or any contractor (at any tier) of EB. For these purposes, a director is “connected with” such person, if they are employed by, an officer or member of, or shareholder in, such person (Rule 18.3).

- 5.8 Members appoint EB’s directors at each annual general meeting. All candidates for a position on the Board must find members to act as a proposer and seconder and then declare their intention to stand 14 days before the annual general meeting (Rule 18.4).
- 5.9 The Board may also appoint directors between annual general meetings (known as co-optees), either to fill a vacancy or as an additional director (Rule 18.4). However, any directors appointed by the Board must stand down at the end of the next annual general meeting following their appointment. The members may then reappoint them to the Board at that annual general meeting (Rule 18.5).
- 5.10 As detailed above, the custodian trustee has the right to appoint and remove one director by notice to the Board, in addition to those appointed under Rules 18.4 and 18.5 (Rule 18.7). The custodian trustee appointed director will help the custodian trustee to oversee the governance of EB (including the management of conflicts of interest at Board meetings and the proper discharge of the role of directors).
- 5.11 The members may increase the minimum number of directors by way of an amendment to the Rules, subject to such Rule amendment being registered with the FCA, following which it would take effect (Rule 18.9).
- 5.12 Directors do not have to be members of EB, though they may be. Directors must be individuals (Rule 18.10). Directors should be appointed based on their skills and ability to demonstrate the responsibilities required for the role.
- 5.13 Barnsley MBC and EB periodically review the arrangements for the nomination/appointment of directors to the Board, subject to the requirements of the 2014 Act and FCA guidance. This is to ensure that they remain relevant and attract candidates to directorship with appropriate skills and expertise.
- 5.14 The Board understands the governance advantages to EB’s Board, being composed of unpaid volunteer directors, having representation from across EB’s stakeholder group. Such representation includes from Barnsley MBC, EB’s asset manager and EB’s other contractors. However, the Board are cognisant of the challenges that this can create from time to time and section 6 below explains how conflicts of interest for Board members are managed from time to time. To further assist the management of conflicts of interest, EB shall have at least two independent directors, as referred to at paragraph 5.7 above.
- 5.15 Directors cannot be appointed in certain circumstances (Rule 18.11). These include where the relevant person has been convicted of an offence, has been disqualified from acting as a director or is unable to conduct regulated activities because an approval has not been granted (or has been removed) by the FCA, or a prohibition order has been made against them.

Removing/retirement of directors

- 5.16 A director must stand down if without good reason and without the Board's permission, they fail to attend three Board meetings in a row, or if the Board resolves they should be removed (Rule 18.13).
- 5.17 At least one third of the directors appointed by the members must stand down, at each annual general meeting, as well as any directors appointed by the directors between annual general meetings. The members may reappoint the directors at the annual general meeting, but if any director is not reappointed, they stand down at the end of the annual general meeting (Rule 20.1). This ensures the periodic refreshing of diversity of thought and skill set on the Board.
- 5.18 As referred to in section 3 above, the custodian trustee has the right to remove the director appointed by it at any time (Rule 18.7).

Co-opting committee members

- 5.19 The Board may also co-opt committee members who need not be members of EB and may attend and speak at Board meetings (unless the Board stipulates otherwise). However, co-opted committee members do not have the right to vote at Board meetings and must stand down at the next annual general meeting, though the Board may reappoint them (Rule 22).

6. The Board – Decision making processes and conflicts of interest

Principles

- 6.1 The Board must take decisions which are in the best interests of the CBS and its community. In so doing, any conflicts of interest that exist for a Board member in relation to a particular decision (whether financial or non-financial) must be declared and appropriately managed.
- 6.2 A conflict of interest policy shall be in place and shall be provided to all Board and committee members. The policy will be regularly reviewed. All conflicts of interest should be dealt with appropriately and recorded in a register that is available for inspection by members.

Provisions

Decision making

- 6.3 Board meetings require a quorum of two directors, unless the directors decide on a higher number, with any director able to request a Board meeting (Rules 23.1 and 23.2). Decisions of the Board are not valid unless they are passed at a quorate board meeting.
- 6.4 The Board takes decisions on a majority vote basis and the chair has a casting vote if the votes are equal (Rule 24.1). The Board appoints a chair to chair a particular meeting, or to chair Board meetings generally, and should take the points included at paragraph 4.11 above into account in taking this decision (Rules 24.1 and 24.2).
- 6.5 The Board may also make decisions by signing a written resolution, rather than taking a decision at a Board meeting. However, in these circumstances, all directors must sign the resolution for it to be valid, rather than passing the resolution by a simple majority (Rule 24.3).

Conflicts of interest

- 6.6 EB maintains a conflicts of interest policy (**Conflicts of Interest Policy**) and register of interests which support the provisions in the Rules which deal with conflicts of interest for Board members (and their management). The Conflicts of Interest Policy sets out the circumstances in which a conflict of interest might arise for a Board member and assists the Board in identifying and managing conflicts of interest (both financial and non-financial). It also sets out what a conflict of interest is (which may relate to financial and non-financial interests, and conflicts of interest and conflicts of loyalty), the duties of the directors in relation to a conflict of interest, when conflicts of interest are most likely to occur, what does not constitute a conflict of interest and how directors should approach a potential conflict of interest. The register of interests records the other interests that Board members may have from time to time (including other directorships and appointments). The Board periodically reviews and updates the register of interests from time to time (at least once every twelve months). In addition, the Board considers the register at the

beginning of each Board meeting when any conflicts of interest and/or loyalty should be declared.

- 6.7 Rule 25 of the Rules sets out the procedure directors must follow when identifying a potential conflict of interest and/or loyalty. This involves the potentially conflicted director advising all the other directors of any potential or actual conflict of interest and/or loyalty which they are aware of as soon as it arises.
- 6.8 Details of the conflict of interest and/or loyalty are recorded in the minutes of the relevant directors' meeting at which the conflict of interest arises, together with the actions taken to minimise the conflict. They are also recorded in the register of interests. The steps that are taken to minimise the conflict include ensuring that the director concerned is not involved in the decision-making process where he or she is subject to a conflict of interest and/or loyalty and he/she must remove himself/herself from that part of the meeting at which the conflict of interest and/or loyalty is to be discussed (unless they are requested to remain for information purposes only).
- 6.9 A director with a conflict of interest and/or loyalty are in no circumstances permitted to vote on any matter in respect of which that conflict of interest and/or loyalty exists.
- 6.10 In circumstances where a conflict of interest and/or loyalty for a director cannot be managed, or the Board is of the view that it is not in the best interests of EB to allow that conflict of interest and/or loyalty to persist (by virtue of the conflicted director's continued directorship to EB), consideration should be given as to the removal of that director from the Board.

7. Risks, financial management and internal controls

Principles

- 7.1 The Board should establish formal and transparent policies and procedures to promote the viability and long-term success of EB and to ensure the independence and effectiveness of internal (if applicable) and external audit functions.
- 7.2 The Board should present a fair, balanced and understandable assessment of EB's position, viability and prospects and communicate it to its members, stakeholders and community in a transparent way.
- 7.3 The Board is responsible for and should establish procedures to manage risk, oversee the internal control framework, and identify the nature and extent of the principal risks EB is willing to take in order to achieve its long-term strategic objectives and success.

Provisions

- 7.4 The Board carries out a regular and robust assessment of EB's emerging and principal risks, which is proportionate to the size, complexity and risk profile of EB. The Board confirms in its annual report that it has done so and includes information detailing the principal risks to EB, confirmation of the procedures in place to identify emerging risks and an explanation of how risks are being managed and/or mitigated.
- 7.5 The Board annually conducts a review of the effectiveness of EB's systems of internal controls and risk management, and reports to members that it has done so and the method used.
- 7.6 The agendas for Board meetings include regular scheduled items and reports related to the performance of EB and its contractors (including EB's asset manager and EB's other contractors).
- 7.7 The Conflict of Interest Policy permits and encourages the independent directors in relation to a particular matter to be able to take independent financial, technical, accountancy and legal advice in relation to that matter. An example includes where the Board is reviewing the performance of EB's contractors (where any directors who are also involved with the relevant contractor are conflicted in relation to that review). This helps the independent directors to manage risks associated with the relevant arrangement.

8. Payments to Board members and connected persons

Principles

- 8.1 CBSs generally operate a non-executive, volunteer, Board. However, in certain circumstances, the rules of a CBS may permit payments by the CBS to a director and/or their connected persons.
- 8.2 In relation to any payment to be made by a CBS to a director and/or their connected persons, the relevant director must not be involved in any decision of the Board in relation to such payment (including whether it be made, in what amount and on what terms) and the other directors must determine that the payment is in the best interests of the CBS and its community.

Provisions

- 8.3 The Rules permit EB to pay its directors (Rule 18.14). However:
- 8.3.1 the Board should consider whether paying a director is in the best interests of EB and its community;
 - 8.3.2 where a director is paid, the level of remuneration and the contractual terms of the director in question should be appropriate and take into account expectations of commitment, responsibilities held and EB's size, complexity and risk profile; and
 - 8.3.3 where the Board determines it is appropriate to pay a director, the director in question must follow the procedure set out at Rule 25 regarding directors' interests and conflicts of interest and/or loyalty, as set out at paragraphs 6.6 to 6.10 above.

Adopted

2024