

# Ordnance Survey Limited

## Board Terms of Reference

### **1 Board composition**

1.1 The Board comprises:

- the Non-Executive Chair;
- the Non-Executive Directors (including the Shareholder Director);
- the Chief Executive Officer;
- the Chief Financial Officer and such other Executive Directors whose appointment is approved from time to time.

1.2 The number of Non-Executive Directors appointed (excluding the Chair) should ordinarily not be less than the number of Executive Directors appointed.

1.3 In accordance with the UK Corporate Governance Code (the **Code**) the Board shall appoint one of the independent Non-Executive Directors to be the 'Senior Independent Director' in order to fulfil the role described in the Code.

1.4 The Chair is responsible for periodic internal and external reviews of Board performance and composition. The Chair will discuss Board composition, external review and succession plans for the Board as a regular agenda item of the Nomination Committee, and will also discuss this with the Shareholder Director from time to time, and agree any actions at least annually.

### **2 Quorum**

2.1 The quorum for Board meetings shall be three Directors, one of whom shall be the Shareholder Director (or an Alternate Director appointed by the Shareholder Director), and one of whom shall be an Executive Director (or an Alternate Director appointed by an Executive Director).

### **3 Chair's and Chief Executive Officer's roles and responsibilities**

In line with the Code, there is a clear division between the Chair's and Chief Executive Officer's roles and responsibilities. The Chair is responsible for leading the Board and the Chief Executive Officer is responsible for leading the business.

#### **3.1 Chair's roles and responsibilities**

3.1.1 To lead the Board, set its agenda and manage its business and meetings effectively. This includes ensuring that the Board discharges its prime roles of setting strategy, determining risk appetite and monitoring business and management performance.

3.1.2 To ensure regular flows of accurate and relevant management information to enable the Board to make sound decisions and monitor business performance.

3.1.3 To support and constructively challenge the Chief Executive Officer, to foster effective relationships between executive and non-executive Board members, and to create a culture of open debate.

3.1.4 To ensure that the Board undertakes a formal annual evaluation of its performance and that of its Committees and acts on the findings of the evaluation.

3.1.5 To ensure the provision of appropriate induction for new Directors and the regular update by all Directors of the knowledge they require for their role.

- 3.1.6 To ensure, with the support of the Nomination Committee, effective Board succession planning and to take the lead on the search process for new Directors (except for the appointment of successors to the roles of Chair, Chief Executive Officer, and Shareholder Director which are “Shareholder Appointments” and reserved to the Shareholder under the Shareholder Framework Document (the ‘SFD’)).
- 3.1.7 To ensure that the Company maintains effective communications with its Shareholder and that the Board understands the views of its Shareholder and other key stakeholders.

## **3.2 Chief Executive Officer**

- 3.2.1 To constitute and lead the Executive Leadership Team in developing business strategy, medium term plans and annual budgets for Board approval and in delivering against them.
- 3.2.2 To run the business, supported by the Executive team, on a day to day basis and ensure that appropriate risk management systems and internal controls are in place.
- 3.2.3 To report to the Board on the performance of the business and keep it advised on a continuing basis of any significant developments or potential impacts.
- 3.2.4 To develop an effective relationship with the Chair and to make the best use of the knowledge and experience of non-executive Board members.
- 3.2.5 To develop, communicate and instil throughout the business a shared purpose, culture and set of business values.
- 3.2.6 To build and maintain, through management development and succession planning, an effective Executive leadership team.
- 3.2.7 To maintain in person and in conjunction with the Chief Financial Officer an effective dialogue with the Shareholder on the performance and strategy of the Company.

## **4 Role and responsibilities of the Senior Independent Director (‘SID’)**

### **4.1 Board relationships**

- 4.1.1 Gain a comprehensive overview of the work of the Board, ideally through service on at least two of the three main Board Committees (Nomination Committee, Remuneration Committee, and Audit and Risk Committee (OSARC)).
- 4.1.2 Develop good working relationships with both executive and non-executive Board members and maintain an awareness of any issues or concerns.
- 4.1.3 Provide a sounding board for the Chair on all Board matters.
- 4.1.4 Act as a focal point for communications with the Non-Executive Directors should Board or business circumstances require this.
- 4.1.5 Work to maintain effective Board relationships and act as an intermediary for other Board members if required.

### **4.2 Evaluation and succession of the Chair**

- 4.2.1 Notwithstanding the Code, the Shareholder shall retain responsibility for conducting overall evaluation and review of the Chair’s performance. In conducting such evaluation and review the Shareholder shall take into account appraisal of the Chair’s performance as co-ordinated by the SID in accordance with the Code.
- 4.2.2 Accordingly, the SID shall lead the Non-Executive Directors in the annual performance evaluation of the Chair, taking account of the views of the Executive Directors. The SID shall hold a meeting of the Non-Executive Directors at least annually for the purpose of this evaluation and provide feedback to the Chair on the outcome of the process.

### **4.3 Engagement with Shareholder**

- 4.3.1 Notwithstanding the appointment and role of the Shareholder Director, the SID shall keep abreast of Shareholder issues and sentiment in order to maintain a balanced understanding of their concerns and attend meetings with the Shareholder if required.
- 4.3.2 Be available to and engage with the Shareholder if they have concerns which contact through the usual channels (i.e. with the Shareholder Director, Chair or Chief Executive Officer) has failed to resolve or for which such contact is inappropriate. Ensure that any such concerns are shared with and understood by the Board.

## **5 Role of the Shareholder Director**

The Shareholder Director is appointed on behalf of the Shareholder as a Non-Executive Director. Whilst the Shareholder Director has the same responsibilities in relation to the Company under the Companies Act and the Articles as all other Directors, the Shareholder Director shall carry out the following specific functions:

- 5.1 liaise with the Shareholder and provide advice in relation to the Company's performance and any Shareholder Reserved Matters; and
- 5.2 provide advice to the Board to ensure that they have all the necessary information concerning HM Government objectives insofar as they may impact or relate to Ordnance Survey.

## **6 Role and responsibilities of the Board**

- 6.1 The role of the Board shall be to run the Company as provided by the SFD, and in particular to deliver the Strategic Objectives and the overarching Government Objectives. Detailed responsibilities of the Board (as varied from time to time) shall include:
  - 6.1.1 The development, updating and approval of the annual operating plan and budget;
  - 6.1.2 The development and updating of the Strategic Plan subject to Shareholder approval;
  - 6.1.3 to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed;
  - 6.1.4 to ensure the financial and human resources are in place for the Company to meet its Strategic Objectives;
  - 6.1.5 To review Executive leadership performance;
  - 6.1.6 to set the Company's values and standards and ensure that its obligations to the Shareholder and other stakeholders are understood and met;
  - 6.1.7 as required, to fully co-operate with the requests of all relevant Parliamentary committees for scrutiny, requests from the Parliamentary Commissioner for Administration and otherwise to assist the Shareholder and UKGI in answering questions about the Company; and
  - 6.1.8 all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by the Company of its objectives.

For the avoidance of doubt and subject to the Directors' statutory, common law and fiduciary duties, the Board's obligations in this regard are to the Shareholder alone, and not, for instance, to individual departments across Government.

## **7 Schedule of matters reserved for Board decision**

In accordance with the Code and the SFD the Board has approved delegations of authority to the Executive and adopted a formal schedule of matters reserved for its decision. The Board delegates all decision making on and management of the business to the Chief Executive Officer and Executive Leadership team with the exception of the matters set out below which are reserved for Board decision:

- 7.1 All matters identified in the SFD as Shareholder Reserved Matters, which require agreement by the Board and subsequent Shareholder approval, namely:
  - Agreement or amendment of the Strategic Plan, including the Strategic Objectives;
  - changes to the approved capital structure and financial framework, including the Directors' Remuneration Framework;
  - the appointment of any external auditor (meaning external auditor of Ordnance Survey Limited to carry out the audit under the requirements of the Companies Act 2006 or as updated from time to time); and
  - Acquisitions, disposals and joint ventures of a value greater than 15% of the Company's net assets at the relevant time.
- 7.2 All matters identified in **Annex A** below as being reserved for Board decision.

## **8 Board committees**

- 8.1 The Board will constitute Audit and Risk (OSARC), Nomination and Remuneration committees.
- 8.2 The membership and terms of reference of each committee shall be determined by the Board and reviewed by the Board, on at least an annual basis, except that the Shareholder Director may always be a member of the Audit and Risk, Remuneration and Nomination committees.
- 8.3 The Audit and Risk Committee is responsible for oversight of audit and risk management in accordance with its terms of reference and paragraph 3.9 of the SFD.
- 8.4 The Nomination Committee is responsible for leading the appointment process for each of the Board members and for making recommendations to the Board, including in relation to the terms of service or appointment of Board members, except in respect of the Shareholder Appointments identified in paragraph 3.1 of the SFD. Whilst the Shareholder has sole responsibility for the Shareholder Appointments, the Shareholder will engage with and involve the Nomination Committee in any process relating to a Shareholder Appointment where appropriate.
- 8.5 The Nomination Committee terms of reference shall provide for the SID to be identified and nominated with responsibility for reporting to the Chair in relation to Nomination Committee recommendations where the Chair is not a member of the Nominations Committee.
- 8.6 The Remuneration Committee approves the remuneration and incentives of the Executive Directors in accordance with its terms of reference, certain terms set out in a separate document agreed with the Shareholder, and the Remuneration Framework as set out in the SFD.
- 8.7 The Board shall determine the remuneration of Non-Executive Directors in accordance with policy and guidance on remuneration of Non-Executive Directors set by HM Treasury and/or the Cabinet Office and shall constitute a sub-committee for this purpose comprising the Chair, the Shareholder Director and the Chief Executive Officer, which shall consult with the Shareholder where possible. Notwithstanding the previous sentence, the remuneration of the Chair and the Shareholder Director, if any, shall be determined by the Shareholder on their respective appointments and thereafter from time to time as agreed.

## **9 Directors' induction programme**

- 9.1 Providing a comprehensive induction programme for new Directors is essential in order to assist them to become effective in their role as quickly as possible. An outline of the main programme with an indication of the topics covered is provided in the Directors' Induction Programme Handbook, a copy of which will be provided for all new Directors.

## **10 Conflicts of interest**

- 10.1 The Board has processes in place to manage all potential conflicts of interest involving Directors in accordance with the Company's articles of association (the '**Articles**'). Each individual Director is under an obligation to notify the Chair and Company Secretary of any potential conflicts as soon as they arise. Any such interests are reported to the Board which decides whether they are likely to represent a real or potential conflict of interest and, if so, whether they wish to authorise such conflict and on what terms. In addition, the Company Secretary, on an annual basis, confirms with each Director their current external business interests. All such interests are reported to the Board for review and reconfirmation that they do not present any conflict with the interests of the Company.
- 10.2 The formal provisions regarding Directors' conflicts of interests are set out in article 4.10 of the Articles.

## **11 Articles of association**

- 11.1 The Articles set out the basis of the Company's constitution and the rules by which it is run. They are a key element of corporate governance. Amendments to the Articles may only be made by resolution of the Shareholder.

## **12 Secretary**

- 12.1 The Company Secretary or their nominee shall act as the secretary of the Board.

## **13 Frequency of meetings**

- 13.1 The Board shall meet as necessary to despatch the business effectively.

**14 Notice and conduct of meetings**

- 14.1 Meetings of the Board, other than those regularly scheduled as above, may be called by any Director or by authorising the secretary to give such notice, as set out in Article 4.2 of the Articles.
- 14.2 Except as outlined above, meetings of the Board shall be conducted in accordance with the provisions of the Articles governing the proceedings of Directors.

**15 Minutes of meetings**

- 15.1 The secretary shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance.
- 15.2 Minutes of Board meetings shall be circulated promptly to all members of the Board.

**16 Other matters**

- 16.1 The Board shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## Annex A

### Schedule of Matters reserved for the Board and Board committees

In addition to the items identified at paragraph 6.1 above, the following matters are reserved for the Board (and where identified the relevant Board committee) <sup>1</sup>:

<b>1. Strategy and Management</b>	
1.1	Responsibility for the overall leadership of the Company and setting the Company's values and standards.
1.2	Approval of the group's strategic aims and objectives.
1.3	Approvals of the group's annual operating and capital expenditure budgets and any material changes to them.
1.4	Oversight of the group's operations ensuring: <ul style="list-style-type: none"><li>• Competent and prudent management;</li><li>• Sound planning;</li><li>• Maintenance of sound management and internal control systems;</li><li>• Adequate accounting and other records;</li><li>• Compliance with statutory and regulatory obligations; and</li></ul> Periodic review and approval of <b>delegated financial authorities</b> from the Board to the Executive.
1.5	Review of performance in the light of the group's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is take.
1.6	Extension of the group's activities into new business or geographic areas.
1.7	Any decision to cease to operate all or any material part of the group's business.
<b>2. Structure and capital</b>	
2.1	Changes relating to the group's capital structure including reduction of capital, share issues, share buy backs.
2.2	Major changes to the group's corporate structure, including but not limited to acquisitions and disposals of shares which are material relative to the size of the group in question (taking into account initial and deferred consideration).
2.3	Changes to the group's management and control structure.
<b>3. Financial reporting and controls</b>	
3.1	Approval of the annual report and accounts including the corporate governance statement and Directors' remuneration report.
3.2	Approval of any proposed changes to the dividend policy set out in the SFD, to be proposed to the Shareholder for approval.
3.3	Declaration of dividends
3.4	Approval of any significant changes in accounting policies or practices
3.5	Approval of treasury policies including foreign currency exposure.
3.6	Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances agreed by the Board from time to time).
<b>4. Internal controls</b>	
4.1	Ensuring maintenance of a sound system of internal control and risk management including: <ul style="list-style-type: none"><li>• Approving the Company / group's risk appetite statements;</li><li>• Receiving reports on, and reviewing the effectiveness of the group's risk and control processes to support its strategy and objectives;</li><li>• Approving procedures for the detection of fraud and the prevention of bribery;</li><li>• Undertaking an annual assessment of the processes, and</li></ul> Approving an appropriate statement for inclusion in the annual report.

<sup>1</sup> This schedule has been adapted from the CGIUKI guidance note on matters reserved for the Board

<b>5. Contracts</b>	
5.1	Approval of major capital projects and oversight over execution and delivery.
5.2	Contracts which are material strategically or by reason of size, entered into by the Company in the ordinary course of business, for example borrowings and acquisitions or disposals of fixed assets (including intangible assets such as intellectual property).
5.3	Contracts of the Company or any subsidiary not in the ordinary course of business, for example loans and repayment; foreign currency transactions, major acquisitions or disposals.
5.4	Major investments in the shares of any Company or the making of any takeover offer.
<b>6. Communication</b>	
6.1	Ensuring a satisfactory dialogue with the Shareholder based on the mutual understanding of objectives.
6.2	Approval of resolutions and corresponding documentation to be put forward to the Shareholder.
6.3	Approval of press releases concerning matters decided by the Board.
<b>7. Board membership and other appointments</b>	
7.1	Changes to the structure, size and composition of the Board, following recommendations from the nomination committee (subject always to the Shareholder Appointments that are reserved to and made directly by the Shareholder, namely the selection and appointment of the Non-Executive Chair, the Chief Executive Officer, and the Shareholder Director).
7.2	Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience with the Company and the Board.
7.3	Appointments to the Board, following recommendations by the nomination committee (subject to and excluding the Shareholder Appointments).
7.4	Appointment of the SID to provide a sounding board for the Chair and to serve as an intermediary for the other Directors when necessary.
7.5	Membership and Chairing of Board committees following recommendations from the nomination committee.
7.6	Continuation in office of Directors at the end of their term of office (subject to and excluding the Shareholder Appointments).
7.7	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.
7.8	Appointment or removal of the Company Secretary.
7.9	Appointment, reappointment or removal of the external auditor to be put to the Shareholder(s) for approval, following the recommendation of the audit and risk committee.
7.10	Appointments to the boards of subsidiaries.
<b>8. Remuneration – via the Remuneration Committee</b>	
8.1	Determining the remuneration policy for the Directors, Company Secretary and other senior executives subject to Shareholder approval as appropriate.
8.2	Determining the remuneration of the Non-Executive Directors, subject to the Articles and Shareholder approval as appropriate.
8.3	The introduction of new incentive plans or major changes to existing plans, to be put to the Shareholder(s) for approval.
<b>9. Governance and Board effectiveness</b>	
9.1	Notwithstanding the role of the Chair as set out in paragraph 3.1.4 of the terms of reference, undertaking a formal and rigorous annual review of its own performance, that of its committees and individual Directors, and the division of responsibilities.
9.2	Determining the independence of Non-Executive Directors in light of their character, judgement and relationships.
9.3	Considering the balance of interests between the Shareholder(s), employees, customers and the community.
9.4	Review of the group's overall corporate governance arrangements.
9.5	Receiving reports on the views of the Company's Shareholder(s) to ensure that they are communicated to the Board as a whole.
9.6	Authorising conflicts of interest where permitted by the Company's Articles.

<b>10. Policies</b>	
10.1	<p>Approval of policies, including:</p> <ul style="list-style-type: none"> <li>• Code of Conduct;</li> <li>• Bribery prevention policy;</li> <li>• Whistleblowing policy;</li> <li>• Health and Safety policy;</li> <li>• Environment and Sustainability policy</li> <li>• Human Resources policy;</li> <li>• Communications policy;</li> <li>• Corporate Social Responsibility policy; and</li> <li>• Charitable donations policy.</li> </ul>
<b>11. Other</b>	
11.1	Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism where material to the interests of the group.
11.2	Approval of the overall levels of insurance for the group including Directors' & officers' liability insurance and indemnification of Directors.
11.3	Major changes to the group's pension scheme.
11.4	Any decision likely to have a material impact on the Company or group from any perspective, including but not limited to, financial, operations, strategic or reputational.
11.5	This schedule of matters reserved for Board decisions.