

Board

Terms of Reference

OVERVIEW

BACKGROUND

The Offshore Renewable Energy Catapult (“ORE Catapult”) has been established as a private sector industry focussed independent organisation created to identify, adapt, enable and exploit innovative technologies helping to transform ideas into commercial products and services to address the challenges facing the offshore renewable energy industry. It will achieve this by bringing together the industrial and academic communities to ensure the UK has the technology and capabilities needed to anchor and grow high value work relating to offshore renewable energy in the UK.

PURPOSE

The Board has the primary responsibility of overseeing the conduct of ORE Catapult, setting the overarching strategy to be pursued and supervising the Executive Management Team (EMT), which is responsible for the day-to-day operations of ORE Catapult.

In performing its functions, the Board primarily considers the interests of ORE Catapult to which its legal obligations ultimately reside, and then to the legitimate interests of other constituents, such as key stakeholders, employees, suppliers and customers.

Accordingly, the Board has established the following terms of reference for its effective operation and to assist in clarifying its responsibilities and ensuring effective communication between the Board and EMT and is set out in the following terms:

- 1) Membership;
- 2) Key Functions;
- 3) Principal Responsibilities; and
- 4) Annex - Key Funding Terms.

TERMS OF REFERENCE

MEMBERSHIP

1. Composition

1.1. The Board shall comprise the following directors:

1.1.1. the Chairman;

1.1.2. the chief executive officer;

1.1.3. any member of the Executive Management Team appointed by the Board;

1.1.4. a number of non-executive directors where the minimum aspirational number is three.

2. Appointments

2.1. Appointments and changes to the Board shall be recommended by the Nomination Committee; such recommendations shall either be approved or rejected by the Board in its absolute discretion save that the public sector representatives are appointed by notice in writing by the respective public body.

3. Meetings

- 3.1. Only members of the Board have the right to attend Board meetings. However, other individuals, such as members of the EMT, may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 3.2. The frequency of meetings shall be at least quarterly, with no more than four months between meetings. The Board shall agree a suitable timetable in advance to enable the discussion of key strategic topics alongside other routine matters to ensure timely and effective operations.
- 3.3. The quorum for a meeting is:
 - 3.3.1. no less than 50% of the total number of statutory directors;
 - 3.3.2. at all times the Chairman and chief executive; and
 - 3.3.3. an equal or greater number of non-executive directors to executive directors (where there are at least four non-executive directors in situ).
- 3.4. Each Director shall have one vote at meetings, where the Chairman has a casting vote.
- 3.5. The Secretary shall minute the proceedings and decisions of all meetings of the Board, including recording the names of those present and in attendance.

4. Tenure

- 4.1. Appointments to the Board shall be for a period of three years, which may be extended for further periods of up to three years, subject to a seven year maximum tenure. This maximum tenure does not apply to the Chairman or chief executive.

KEY FUNCTIONS

1. Holding the EMT to account

- 1.1. ORE Catapult is a newly established organisation, and the Board should be more proactive in advising the EMT on a range of operational issues, and holding the EMT accountable for its decisions, actions, or lack of action. After the first few years, the Board's attention will increasingly focus on the strategic direction of the Catapult. However, the Board should not overturn EMT decisions, substitute its judgment for the judgment of the EMT, nor make operational decisions in lieu of the EMT. The Board can and should probe the EMT's analysis of the facts and decision-making process to ensure that it has considered all of the material facts and outcomes of its decisions. The Board can and should withhold approval of the EMT's decisions and recommendations if the analysis is weak or does not support the decisions and recommendations, and instead request the EMT return with improved decisions and recommendations.

2. Reviewing all relevant information

- 2.1. The Board must ensure that it has all of the material information available which it must consider in making a decision or approving the EMT's decisions and the EMT must therefore provide full concise, plain, true and timely information to the Board. The Board is entitled to seek outside advice, such as from corporate counsel, with or without the EMT's approval, in the exercise of its fiduciary duties, and at ORE Catapult's expense.

3. Stewardship

- 3.1. The directors are the stewards of ORE Catapult. The Board acts on behalf of the members and, more importantly, the key stakeholders that give ORE Catapult purpose and a viable organisation. The Board is accountable to the stakeholders for the conduct of the Board, the EMT and ORE Catapult as a whole.
- 3.2. In supervising the conduct of ORE Catapult, the Board, through the chief executive, will set the standards of conduct for the Catapult.

4. Pursuit of Catapult Objectives

- 4.1. The Board must pursue the Objectives of ORE Catapult, which are:

- 4.1.1. to operate the Company as a not-for-profit Research Organisation, with any surplus revenue being reinvested into the pursuance of the Objects;
- 4.1.2. to promote, develop and facilitate the commercialisation and advancement of the Offshore Renewable Energy Industry and other renewable energy sectors;
- 4.1.3. to work with selected partners to promote, develop and facilitate the commercialisation and advancement of the Offshore Renewable Energy Industry and other renewable energy sectors ;
- 4.1.4. to provide businesses with access to leading technology and expertise required to promote and develop the advancement of the Offshore Renewable Energy Industry and other renewable energy sectors;
- 4.1.5. to undertake collaborative Projects with businesses. academia and other organisations, including contract R&D&I and experimental development;
- 4.1.6. to ensure the Company and its selected partners disseminate and transfer information, knowledge and know-how obtained relating to and obtained in pursuance of these Objects, where appropriate, for the benefit of the Offshore Renewable Energy Industry;
- 4.1.7. to work together with other Catapults as part of an integrated elite network in order to share best operational practice and build the reputation of the network throughout the UK and abroad;
- 4.1.8. to support the aims of the Catapult network; and
- 4.1.9. to enable the business of a Research Organisation.
- 4.2. To achieve the Catapult Objectives, the Board shall procure the Catapult:
 - 4.2.1. develops, proposes, evolves and pursues an integrated technology strategy to support the development and commercialisation of the UK's offshore renewable capabilities for maximum economic impact ("the Business Plan");
 - 4.2.2. works with industry and academia to stimulate the development of collaborative projects to support the delivery of the Business Plan;
 - 4.2.3. engages with key stakeholders; and
 - 4.2.4. endeavours to advance itself as the UK's centre for technical expertise in the offshore renewables sector.

PRINCIPAL RESPONSIBILITIES

1. Strategic, Operational and Commercial Plans

- 1.1. The Board has the responsibility to:
 - 1.1.1. participate with the EMT in the development and approval of ORE Catapult's annual Business Plan, Delivery Plan and budget;
 - 1.1.2. approve other material plans that support ORE Catapult's ability to meet its Business Plan and Delivery Plan;
 - 1.1.3. direct the EMT to develop, implement and maintain a reporting system to allow the Board to monitor ORE Catapult's progress towards the goals of the Business Plan and Delivery Plan;
 - 1.1.4. investigate major deficiencies in performance and major deviations from the Business Plan and Delivery Plan and request the EMT explains the reasons for such deficiencies and deviations and to develop and implement corrective action;
 - 1.1.5. review and approve significant changes to the Business Plan and Delivery Plan in light of changing business circumstances; and

- 1.1.6. ensure the development and maintenance of the Business Plan, which shall be formulated with wide consultation from ORE Catapult's Advisory Group, industry, academia, and funding agencies.

2. Human Resources

- 2.1. The Board has the responsibility to:
 - 2.1.1. approve terms of reference for the chief executive, appoint the chief executive and plan for succession of the chief executive, as required;
 - 2.1.2. monitor and, at least annually, review the chief executive's performance against agreed upon annual objectives;
 - 2.1.3. approve compensation plans for the chief executive and senior management;
 - 2.1.4. review and approve recommendations of the chief executive with respect to the senior management structure, including such duties and responsibilities to be assigned to such senior managers;
 - 2.1.5. approve certain matters relating to all employees, including:
 - 2.1.5.1. the Catapult's broad compensation strategy and philosophy; and
 - 2.1.5.2. employee benefit programs.
 - 2.1.6. review and implement succession planning programs, as and when required according to the Board's discretion, including programs to train and develop management.

3. Financial Risk Issues

- 3.1. The Board has the responsibility to:
 - 3.1.1. monitor operational and financial results;
 - 3.1.2. approve annual financial statements;
 - 3.1.3. approve the financial plan for the company as recommended by the EMT and as approved by the Audit & Risk Management Committee;
 - 3.1.4. appoint external auditors and approve auditors' fees at such time as audited financial statements are required by the Board;
 - 3.1.5. take reasonable steps to ensure the implementation and integrity of ORE Catapult's internal control and management information systems as appropriate to its current state of development;
 - 3.1.6. review the risk profile of ORE Catapult in light of changing business circumstances.

4. Governance

- 4.1. The Board has the responsibility to:
 - 4.1.1. establish and maintain an Audit and Risk Management Committee, Remuneration Committee, and Nomination Committee in accordance with ORE Catapult's Articles and any other groups deemed prudent, such as a Catapult Advisory Group to act as a forum for industry and academia to engage with ORE Catapult;
 - 4.1.2. provide advice, counsel and support to the chief executive in the execution of the chief executive's duties;
 - 4.1.3. provide advice and give prior approval to material decisions including the following:
 - 4.1.3.1. all significant acquisitions, dispositions, mergers, and grant funding;
 - 4.1.3.2. significant hiring decisions, including the senior management and generally under a hiring plan; and
 - 4.1.3.3. changes in strategic direction;
 - 4.1.4. With the approval of the Audit & Risk Management Committee, provide advice and give prior approval to material financial decisions including the following:

- 4.1.4.1. the ORE Catapult financing program and plans;
- 4.1.4.2. all financings;
- 4.1.4.3. significant capital expenditures;
- 4.1.4.4. all issuances of securities;
- 4.1.4.5. declaration of dividends (of any subsidiary company); and
- 4.1.4.6. approve the spending limits and materiality level for contracts which must be approved by the Board.
- 4.1.5. review and approve material contracts and expenditures;
- 4.1.6. review and approve all proposals to be submitted to the members for approval;
- 4.2. at the appropriate time, as determined by the Board in consultation with EMT, the Board should oversee:
 - 4.2.1. the adoption of a strategic planning process; and
 - 4.2.2. succession planning, including appointing, training and monitoring senior management.

5. Constitution, Policies and Procedures

- 5.1. The Board has the responsibility to:
 - 5.1.1. approve and act as the guardian of ORE Catapult's corporate values, including the following policies and guidance:
 - 5.1.1.1. Stakeholder Engagement;
 - 5.1.1.2. Board Conflicts of Interest;
 - 5.1.1.3. Intellectual Property & Information Protection;
 - 5.1.1.4. Anti-Corruption;
 - 5.1.1.5. Health & Safety;
 - 5.1.1.6. Environmental;
 - 5.1.1.7. Communications; and
 - 5.1.1.8. Corporate Social Responsibility.
 - 5.1.2. direct the EMT to ensure ORE Catapult operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
 - 5.1.3. ensure compliance with, and meeting the performance criteria of, the Key Funding Terms, which is fundamental to ORE Catapult's operations.

6. Legal Obligations

- 6.1. The Board is responsible for directing the EMT to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained.
- 6.2. Legal duties are imposed on directors under statute, and common law, which can be summarised as:
 - 6.2.1. acting within their powers;
 - 6.2.2. promoting the success of ORE Catapult;
 - 6.2.3. exercising independent judgement;
 - 6.2.4. exercising reasonable care, skill and judgement;
 - 6.2.5. avoiding conflicts of interest;
 - 6.2.6. not accepting benefits from third parties;
 - 6.2.7. declaring any interests in a proposed transaction or arrangement involving ORE Catapult;
 - 6.2.8. acting in good faith;

- 6.2.9. acting with undivided loyalty;
 - 6.2.10. not breaching the confidence of ORE Catapult; and
 - 6.2.11. acting with discretion.
- 6.3. In order to execute their legal duties, Directors have an obligation to make themselves fully informed on the issues by:
- 6.3.1. reviewing the material presented by the EMT; and
 - 6.3.2. asking questions of EMT both at and between Board meetings to ensure that:
 - 6.3.2.1. the Board receives adequate and regular updates from the EMT on all issues important to the business of ORE Catapult; and
 - 6.3.2.2. major ORE Catapult initiatives have proper and timely Board understanding, consideration, oversight and approval.
- 6.4. The chief executive will pro-actively ensure the co-operation of the EMT team in assisting the Board in exercising its legal duties, in particular ensuring that the Board:
- 6.4.1. has received all of the relevant information it needs to an appropriate level of detail;
 - 6.4.2. is aware of relevant trends;
 - 6.4.3. is aware of any material internal or external changes;
 - 6.4.4. is informed of any actions or omissions which may cause ORE Catapult to be in violation of previous Board decisions, the Catapult's Policies and Guidelines, or its duties to members, employees, partners and stakeholders; and
 - 6.4.5. is aware of any changes in the assumptions upon which previous Board decisions were made.