

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE UNITED KINGDOM GOVERNMENT
AND
THE BRITISH STANDARDS INSTITUTION
IN RESPECT OF ITS ACTIVITIES AS
THE UNITED KINGDOM'S NATIONAL STANDARDS BODY**

Article 1 - Introduction and definitions

1.1 The United Kingdom Government (“**the Government**”) and the British Standards Institution (“**BSI**”) make the following Memorandum of Understanding which records their joint and several commitments and intentions regarding the “**role of the NSB**” as defined below. The contents of this Memorandum are to be read subject to the provisions of the consolidated Royal Charter and Bye-laws granted in 1981, as amended in 1989, 1992, 1994, 1998 and 2008 (“**the Royal Charter**”). A copy of the objects and purposes for which BSI is constituted as defined in the Royal Charter are set out in Schedule 1 to this Memorandum for ease of reference.

1.2 For the purposes of this Memorandum, the following definitions shall apply:

“**British Standards**” means formal consensus standards published by BSI following the principles set out in BS 0. British Standards include: standards of UK Origin and standards published by BSI that have their origin in international standards (e.g. developed by the International Organisation for Standardisation (ISO) and the International Electrotechnical Commission (IEC) or European standards (e.g. developed by the European Committee for Standardisation (CEN) and the European Committee for Electrotechnical Standardisation (CENELEC));

“**BS 0**” means the document entitled “BS 0: 2021 A standard for standards – Principles of standardization” published by BSI, or such document that may replace it from time to time;

“**BSI’s standardisation products**” means products published by BSI having broadly the character of standards or parts of standards (including but not limited to Publicly Available Specifications), or services provided by BSI to others to assist in the development of such products;

“**UK standardisation policy**” means standardisation policy set by the UK Government;

“European standards policy” means standards policy developed at a European regional level;

“grant documentation” means the agreed written terms for the Government grant contributing to the cost of any part of BSI’s NSB work;

“international standards policy” means international standards policy developed at an international level beyond that of European standards policy;

“NSB” means national standards body;

“Role of the NSB” means all the activities of BSI, acting as the United Kingdom’s NSB, in furtherance of the primary objects set out in paragraphs 3(a) and (b) of the Royal Charter, together with any activities in pursuance of paragraph (c) related to paragraphs (a) and (b) and not to paragraph (d); and also to actions under paragraph (e) related to paragraph (a), (b) or relevant activities under paragraph (c). The Government and BSI agree that the role of the NSB includes:

- (i) the management, coordination and formulation of British Standards and BSI’s standardisation products;
- (ii) the participation by BSI in European and international standards bodies, and other international activity relevant to standards undertaken in the interests of BSI as the United Kingdom’s NSB;
- (iii) the publication, promotion, marketing and distribution of British Standards and of information activities concerned with British Standards, BSI’s standardisation products, and standardisation generally; and
- (iv) carrying out support and corporate infrastructure activities intended, wholly or in part, to enable or maintain (i)-(iii) above, including but not limited to activities required to ensure British Standards are routinely reviewed and to ensure that concerns about the content of a standard can be investigated and acted upon whenever appropriate, in line with BSI’s procedures as set out in BS 0.

The Director of Standards appointed under paragraph 8(b) of BSI’s Bye-laws has the primary responsibility for the activities set out in (i)-(iv) above.

- 1.3 Through this Memorandum BSI is recognised as the United Kingdom’s NSB operating under the Royal Charter. This Memorandum recognises that, in addition to carrying out its primary role as NSB, BSI undertakes certain other activities permitted by the Royal Charter. This Memorandum is concerned with those other activities only to the extent that BSI’s undertaking of them prejudices or may prejudice, BSI’s performance of the Role of the NSB.

- 1.4 British Standards, including standards formulated in the European and international contexts and adopted into the United Kingdom system, are confirmed as having the status of agreed national criteria developed and used, among other things, to serve the UK public policy interest. This takes account of the status of British Standards under the provisions of competition legislation.
- 1.5 This Memorandum replaces the Memorandum of Understanding between the Government and BSI made on 20 June 2002, which shall cease to have effect when this Memorandum comes into effect in accordance with Article 9.1.
- 1.6 This Memorandum is not intended to be legally binding between the parties or to confer enforceable legal rights on any other person or body. The parties enter into this Memorandum intending to comply with the terms and the spirit of the Memorandum.

Article 2 - The public policy interest

- 2.1 The provisions in this Memorandum that relate to the public policy interest shall be construed consistently with the jointly agreed statement between both parties on the public policy interest in standardisation as published by the Government and revised from time to time.
- 2.2 The Government and BSI agree that:
 - (i) standardisation is a key factor in support of a number of government policies including economic growth and reducing barriers to trade, international development, science, innovation, digital and technology, net zero, environmental protection and sustainability, product safety, fair trading and consumer interests, better regulation, public procurement and National Security;
 - (ii) market forces are necessary for the development of relevant standards, but standards have some of the characteristics of 'public goods', so market forces alone will not enable the benefits of standardisation to be realised;
 - (iii) there are also potential problems to be avoided in standardisation. Slow, rigid, out of date or inappropriate standards can have the adverse consequences of hindering innovation rather than boosting it. The accessibility of standards development processes and lack of diversity or expertise can result in less robust standards. Standards can be used to shape global markets and create trade barriers as well as to remove them; they can also compromise our security if standards are not globally interoperable or fail to take security into account from the outset. It is as important for the Government to work against these disbenefits as to promote the very beneficial effects of standardisation;

- (iv) accordingly, the Government and BSI will, as appropriate, advocate for the effective use of standardisation domestically and internationally to promote the beneficial effects of standardisation.
- 2.3 The Government and BSI are, separately and through co-operation with each other, determined to promote effective standardisation policy in order to realise in full the potential socio-economic benefits of standardisation, including the promotion of the small and medium sized business sector and of worker, consumer and environmental interests.
- 2.4 The Government and BSI agree that developing standards is in the public policy interest, and that this interest is best served when all relevant stakeholders can be involved. A key overall aim of BSI's standards-making activities will therefore be to preserve and strengthen this capability. Participation in the development of BSI's standardisation products (other than formal British Standards) may often be a good step into standardisation, and BSI has rules and processes in place to govern their development and ensure that they are not confused with British Standards. Where appropriate, and where it is acceptable to the market, BSI will seek their eventual conversion into British Standards. BSI will use its participation in European and international standards bodies to seek the broadest possible consensus for any topic covered by standardisation.
- 2.5 The Government and BSI underline the importance of international standards policy. BSI will play a full and effective role in ISO, the IEC, CEN, CENELEC and other relevant fora such as the European Telecommunications Standards Institute (ETSI) and the International Telecommunication Union (ITU), aiming to influence the development of standards in the UK's interests, to promote improvements in the efficiency and effectiveness of the standardisation process, and the rationalisation of the organisational infrastructure. The Government will work through intergovernmental fora such as the WTO TBT Committee to promote a coherent international standards organisational infrastructure and effective use of standardisation in support of public policies.
- 2.6 The Government and BSI also underline the importance of international standards policy. They recognise that the UK's interests will be furthered if the Government and BSI inform and co-operate with each other and adopt compatible policies in their respective spheres of activity.
- 2.7 BSI will actively participate in developing European standards policy in European standards fora to the extent possible to ensure that UK standards users' requirements are met as far as practicable, and in furtherance of standardisation policy aims discussed with the Government. Both BSI and the Government will support UK policy on standardisation in the international context aiming to strengthen the global approach to standardisation and its influence world-wide.

Article 3- International

- 3.1 The Government recognises BSI as the NSB for the United Kingdom (including all its nations and regions). This includes recognition of BSI as the United Kingdom member of: ISO; IEC; CEN; and CENELEC. BSI's membership of and participation in the activities of CEN and CENELEC is in line with the rules of both organisations (for example EU Regulation 1025). This recognition also extends to BSI's functions undertaken in connection with ETSI, including those of public enquiries, adoption and delivery.
- 3.2 The Government will support BSI's efforts to achieve harmonisation of relevant standards through these international and European standards organisations, international agreements and other arrangements in the interests of the UK.
- 3.3 The Government will keep BSI informed of any intergovernmental discussions concerned with standards or associated technical regulations, unless there are reasons for not doing so. It will invite BSI where appropriate to participate in such discussions, especially those which may lead to intergovernmental agreements concerning standards and will fully take into account BSI's views on the best means of implementing such agreements.

Article 4 - Commitments of BSI as NSB and the Government

- 4.1 BSI will ensure:
- (i) it is the sole producer of British Standards with responsibility for maximising their use and impact;
 - (ii) that in relation to how BSI secures its revenue as NSB, there is no conflict with the public policy interest (described in Article 2) and that, more generally, such public policy interest is taken into account;
 - (iii) it provides the Government with information about any of its standards or standards activities, as well as access to full annual reports and accounts when required to do so, in accordance with the Grant Funding Agreement;
 - (iv) that in its standards development and publishing activities and in its governance, it follows the Standardisation Principles of transparency, openness, impartiality and consensus, effectiveness, relevance and coherence and BSI shall accept and comply with Annex 3 of the WTO TBT Agreement for the preparation of voluntary standards;
 - (v) it achieves the requirements of membership of the major European and international standards organisations and, by means of participation in such organisations, the optimal promotion of UK interests through their policies and standards;

- (vi) it fulfils the requirements of the NSB for any relevant legal instruments agreed by the organisations listed at Article 3.1;
- (vii) in line with BSI's procedures, it facilitates the production and maintenance of any standard or standardisation product required by the Government for legislation (whether referenced in the legal instrument or otherwise indirectly required) or for public procurement purposes;
- (viii) it provides free standards to courts, coroner's inquests, police investigations and commissions of inquiry. It delivers standards and related content in accessible ways through continuous investment in technology;
- (ix) it provides and maintains a portfolio of formal consensus standards and standardisation products which will meet the requirements of UK business and, as appropriate, other stakeholders including the Government, consumers, and small businesses; and a means of identifying, evaluating, prioritising and acting on proposals for standardisation projects;
- (x) that within the portfolio described in Article 4.1(ix), formal consensus standards are provided and maintained whenever such standards are required or would be desirable in connection with legal requirements, including the provision of information (for example annexes) showing the correlation between standards and certain UK legislation requirements;
- (xi) it contributes to strategic planning of the national standardisation infrastructure, including maintaining its own strategic standardisation planning and evaluation facility with the involvement of the Government and business;
- (xii) it cooperates with the Government to use standardisation to support policy;
- (xiii) the development and operation of a business strategy for BSI as NSB which identifies and exploits commercial opportunities so as to optimise its business prospects; and that it operates the standards system at least as effectively in the UK's national interest as standards bodies in other advanced economies, taking different circumstances and levels of government support into account. This may include formation or acquisition of subsidiaries, joint ventures, alliances etc, both nationally and internationally (insofar as permitted by law and the Royal Charter);
- (xiv) it supports government in communicating the role of standards within government departments and across UK industry;

- (xv) it ensures standards are inclusive by enabling more SMEs and consumers to benefit from use and participation of standards, fostering diversity and inclusion in standards-making and ensuring all standards include public consultation as part of the process;
 - (xvi) it invites relevant government representatives to Annual General Meetings and maintains the arrangements for a government representative seat on the Standards Policy and Strategy Committee (SPSC), reporting to the BSI Board;
 - (xvii) it provides support and advice for UK nations and regions/ devolved engagement; and supports in providing standards advice to ministers across government;
 - (xviii) it aims to ensure how it operates as NSB is clearly understood by businesses and the public, and to avoid confusion with its non-NSB commercial activities; and
 - (xix) it promotes awareness of the NSB's own standardisation activities and the effective use of standardisation, including through education and training initiatives.
- 4.2 The means by which the requirements of Article 4.1 above shall be met will be identified by BSI and agreed with the Government from time to time.
- 4.3 The Government for its part will, subject to National Security requirements:
- (i) respect the independence of BSI, and limit its intervention to public policy interest matters in relation to BSI as NSB;
 - (ii) use all appropriate means to promote and support the pursuit and achievement by BSI of the primary objects for which it has been constituted by the Royal Charter and the requirements of this MoU;
 - (iii) work to maintain an environment which enables BSI as NSB to respond positively to changing market needs and technology; and
 - (iv) provide annual financial support for standardisation activities that may not happen if left to market forces in accordance with the terms of any grant documentation. The Government will take account of the total costs of the public policy interest benefits accruing from, and income derived from or related to, such functions. The Government will also take into account the benefits which should be gained for the NSB as a result of recognition as the sole UK NSB and the other activities permitted by the Royal Charter and carried out by BSI.
- 4.4 BSI and the Government will share information and consult with one another in a spirit of reciprocity and as necessary to fulfil the objectives of this article and further the public policy objective save where either is subject to overriding confidentiality obligations.

- 4.5 The Government with BSI's assistance shall use all reasonable efforts to spread awareness within all government departments of how BSI as NSB can be used in public projects and policies.
- 4.6 In line with BSI's procedures, where Government requests any standard from BSI, BSI acting as NSB may work to agree aspects of the production of such standard including timings, drivers and content.
- 4.7 The Government and BSI shall maintain a close dialogue in relation to the designation of standards by the relevant Secretary of State regarding the production of such standards and their related materials.

Article 5 - "The ring fence"

- 5.1 The Government's annual contributions to funding referred to in Article 4.3 (iv) above will be spent by BSI solely in connection with its work as NSB and, in particular, for the delivery of the funded activities as set out in the grant documentation. Revenues from the non-NSB businesses of BSI may be applied to NSB activities including investments as provided for in Article 6 below.
- 5.2 Notwithstanding any restructuring of itself in whatever form, BSI must be able to demonstrate that:
- (i) the criteria described in paragraph 5.1 above are being met;
 - (ii) management decisions concerning BSI's work as NSB are made to further the public policy interest and the interests of BSI's NSB customers and stakeholders. Such management decisions will not operate to favour either BSI's non-NSB or commercial operations or classes of business in which the non-NSB parts of BSI are represented, to the detriment of BSI's NSB work or its NSB customers and stakeholders;
 - (iii) where collaboration between the NSB and non-NSB parts of BSI occurs to advance the interests of BSI's NSB customers and stakeholders, opportunities for similar collaboration must be made available to non-NSB businesses and stakeholders to the extent required by competition law.
- 5.3 BSI will ensure that provisions in British Standards do not discriminate between conformity assessment bodies; and will use all reasonable efforts to secure that there is no such discrimination in European and international standards, and other standardisation products.
- 5.4 BSI will account periodically for the expenditure of any Government funding in accordance with the terms of any grant documentation. Such accounting may include but not be confined to financial accounts which may be audited.

- 5.5 BSI will ensure that any Government funding provided towards the NSB activities is kept entirely separate from the financing of its other activities.

Article 6 - Financial provisions

General

- 6.1 The Government and BSI recognise that the terms of the Royal Charter prevail as regards BSI's financial obligations, including with regard to its functioning as NSB.
- 6.2 In the event that structural changes in the market for standardisation result in a major reduction in the market available to BSI for formal consensus standards and standardisation products, the Government recognises that the NSB cannot expect large and continuing cross-subsidy from BSI's non-standards businesses. In such circumstances, the scale of continuing BSI's operations as NSB, and any commensurate Government contribution, will be considered jointly at the time. The Government will take account of how, and how successfully, the NSBs of other countries may have responded to comparable structural changes.
- 6.3 If BSI incurs operating losses in respect of the NSB, then to make good the losses, BSI will normally apply profit from any other businesses operated in furtherance of paragraph 3(d) of the Royal Charter. If
- (i) such losses are either of a degree of severity or of a duration requiring reconsideration of the NSB's operations or a combination of both;
 - (ii) all other reasonable avenues for stemming or mitigating the losses have been exhausted; and
 - (iii) standards setting for public policy interest reasons is a significant contributory factor in the losses,

the Government will discuss with BSI the implications of scaling back the public policy interest activities performed by BSI as NSB, or of helping to fund them.

Funding for investment

- 6.4 The Government and BSI recognise that the commitment of BSI towards funding for investment in its NSB activities is based on two principles:
- (i) BSI, like any other business, aims to generate surpluses which can be applied to fund investment in the maintenance and growth of the business (and the servicing of any debt where this has been incurred as part of a prudent and balanced financing of the business); and

- (ii) BSI's performance of the Role of the NSB, specifically its primary objects.
- 6.5 In the light of Article 6.4, BSI will give priority to investment funding for the maintenance of the facilities, management capability and resources for formal consensus standardisation. Beyond this requirement BSI will prefer investment in other NSB activities over investment in non-NSB activities permitted by the Royal Charter, unless the latter are demonstrably more in the NSB's interest.
- 6.6 Subject to Article 7 below, BSI may dispose of non-NSB businesses if to do so is not against the interests of the NSB activities; and should do so if the retention of such non-NSB business would put the interests of the NSB activities at risk.

Article 7 - Disposal of non-NSB businesses and assets

- 7.1 BSI will not, through any such disposal, jeopardise the objects and interests of the NSB activities.
- 7.2 In the event that BSI undertakes a trade sale of a non-NSB business or asset, BSI will ensure that the purchaser pays a price comparable to what would be paid to a conventional shareholder-owned business. None of the price paid shall directly or indirectly flow back to the purchaser.
- 7.3 BSI shall determine in accordance with Article 6.5 how the proceeds of such a trade sale shall be applied after making any reasonable payment to its stakeholders including staff, as may be appropriate. If such proceeds exceed what is reasonably foreseeable in connection with the funding requirements referred to in Article 6.5, BSI may request changes to the Royal Charter with the intention of widening the objects and hence the range of investment permissible under it.

Article 8 - Standards development

- 8.1 In the preparation of British Standards, BSI will ensure that its committees adhere to the guidance and recommendations of BS 0 and to BSI's By-laws. BSI will ensure that any amendments to BS 0 do not prejudice the aims and objectives of this Memorandum.
- 8.2 BSI will keep its committee structure under review and revise it as necessary to ensure it is responsive to the needs of industry and other stakeholders, taking the changing business environment into account. BSI will also adapt the procedures so as to be able to meet demand for standardisation products, and to be clear where these products fit in its catalogue in relation to formal British Standards.
- 8.3 BSI will seek a fair and acceptable balance of all relevant interests in its work, reflecting as widely as possible the organisational and human diversity of its stakeholders, and will encourage their full participation in

producing standards and in formulating the UK position on proposed European and international standards which not only reflect sound and modern technical practice but also take fully into account the commercial needs of both manufacturers and users. If work on standards or standardisation products is funded or partly funded by participants, BSI will take care that opportunities for participation are available to other stakeholders as appropriate.

- 8.4 Government will seek to ensure that its representatives participate appropriately in activities at every level of BSI's standards development and advisory committees. In particular, they will make such contributions to the technical, commercial and legislative aspects of standards work as are necessary and appropriate, drawing upon the resources and expertise within Government to do so. In addition, the Government representatives on BSI Technical Committees will, before a draft British Standard is issued for public consultation and at final approval stage, indicate whether and to what extent it is likely to be acceptable to the Government for regulatory or purchasing purposes.

Article 9 - Duration and amendment of this Memorandum

- 9.1 This Memorandum shall come into effect when signed by both parties and, subject to Article 9.2 below, shall continue in effect until it is terminated by either party on reasonable notice of not less than one year, following consultation with the other, taking account of the desirability to maintain an NSB and the integrity of its operations.
- 9.2 This Memorandum may be amended at any time by the written agreement of both parties and any such amendment shall take effect as set out in such written agreement.

Signed by



Craig Watson
Deputy Director, DBT
(on behalf of THE SECRETARY OF
STATE FOR BUSINESS AND
TRADE)



Dr Scott Steedman CBE
Director of Standards
(on behalf of the British Standards
Institution)

Date:

16 September 2024

SCHEDULE 1

EXTRACT FROM THE BSI ROYAL CHARTER 1998 (FURTHER TO ARTICLE 1.1 OF THIS MEMORANDUM):-

3. The objects and purposes for which the Institution is constituted are:
- (a) to co-ordinate the efforts of companies and persons for the improvement, standardization and simplification of materials, products and processes, so as to simplify production and distribution, and for the improvement, standardization and simplification of systems for the management of business, safety, technology, services and the environment and to eliminate the wastage of time and material involved in the production of an unnecessary variety of patterns and sizes of articles for one and the same purpose;
 - (b) to set up, sell and distribute standards of quality for goods, services and management systems and prepare and promote the general adoption of British and international standards and schedules in connection therewith and from time to time revise, alter and amend such standards and schedules as experience and circumstances may require;
 - (c) to register, in the name of the Institution, marks of all descriptions, and to prove and affix or license the affixing of such marks or other proof, letter, name, description or device;
 - (d) to advertise, promote, sell and deliver the services of systems assessment, registration product and materials inspection, testing and certification, training, consultancy and arbitration, provided that this object shall not be pursued in a manner that would prejudice the objects set out in Paragraphs (a) to (c) of this Article;
 - (e) to take such action as may appear desirable or necessary to protect the objects or interests of the Institution.