

# **Ornua Co-Operative Ltd**

## **ACQUISITIONS AND INVESTMENTS COMMITTEE**

### **TERMS OF REFERENCE**

#### **1. Introduction**

- 1.1 The board of directors ("the Board") has established the Acquisitions and Investments Committee (the "Committee") to review and consider proposals from the Ornua Executive in respect of acquisitions, mergers, investments, disposals, Significant sales of fixed assets and Significant capital expenditure (together, the "Transactions" and each a "Transaction") and to make recommendations to the Board.
- 1.2 These Terms of Reference shall be reviewed biennially by the Committee and any proposed changes referred to the Board for approval.
- 1.3 "Group" means Ornua Co-operative Limited (the "Society") and its subsidiaries.
- 1.4 "Significant Transaction or capital expenditure" for the purposes of these Terms of Reference means a Transaction or capital expenditure the expected value of which exceeds €500,000.
- 1.5 For the avoidance of doubt, and subject to these Terms of Reference, the Ornua Executive has the authority to explore and progress any Transaction which is not Significant without referring it to the Committee.
- 1.6 If and when appropriate, any documentation issued by the Ornua Executive or any third party on behalf of the Group to a counterparty in respect of any Transaction (whether it is Significant or not) should contain any customary qualifications which make clear (for example and without limitation) that any such Transaction is subject to Board approval, that all or part of the document is not intended to be legally binding between the parties, that the terms of the document shall be subject to a definitive legal agreement being agreed between the parties and/or that the terms of the document shall be subject to the approval of the Board.

#### **2. Membership and Attendance**

- 2.1 The Board shall appoint the Chair of the Committee. The Chair of the Committee may be the Chair of the Board. The members of the Committee shall be appointed by the Board and shall include at least two non-executive Board members. Other individuals, including the Chief Executive and external advisors, may be invited by the Chair of the Committee to attend for all or part of any meeting as and when appropriate.
- 2.2 In the absence of the Chair, the members present shall elect one of their number to chair that meeting.
- 2.3 Appointment to the Committee is for a term of four years or the date of earlier retirement from the Board, unless otherwise decided by the Board. Appointments may be extended for further periods of up to four years provided the director still meets the criteria for membership of the Committee.

- 2.4 The Secretary, or such other person as shall be agreed from time to time by the members of the Committee, shall act as the Secretary of the Committee. The Chair of the Committee may request part or all of a meeting to be a closed session where no member of the executive is in attendance.

### 3. **Objectives and Responsibilities**

- 3.1 Members of the Committee, both individually and collectively, must avoid accepting responsibilities or other conflicts of interest which might impede their or the Committee's independence and the objectivity with which it advises the Board.

- 3.2 The Committee will act in an advisory capacity. Its objectives will be:

(a) Acquisitions/ Mergers/ Investments

- (i) To evaluate and understand the purpose and consequences of any proposal that constitutes an acquisition of, or merger with, or investment in, another commercial entity.
- (ii) To ensure that the proposed transaction is consistent with the Group's strategic objectives
- (iii) To carry out the functions delegated to it under the Mergers and Acquisitions Policy.
- (iv) To understand the financial consequences regarding the funding of the acquisition and any subsequent resulting acquisitions and capital investments.
- (v) To understand the funding of predicted working capital requirements.
- (vi) To ensure the necessary Financial, Legal, Commercial, HR, Technical, Safety and Personnel Due Diligence has been undertaken and considered.
- (vii) To understand and evaluate the likely regulatory consequences with special reference to Irish, UK, European, US and local competition regimes.
- (viii) To understand the proposed communication plan with regard to all Members, employees, suppliers, customers and other stakeholders in both the Group and the acquired business or businesses.
- (ix) To recommend to the Board as to whether the proposed transaction should be approved, amended or denied.
- (x) To evaluate approved projects to ensure that they are being implemented in accordance with the approvals received.
- (xi) To highlight concerns, if any, to the Board on the implementation of approved projects.

(b) Disposals

- (i) To evaluate and understand the consequences of any proposal that constitutes a disposal of a business or a Significant sale of an asset of the Group.
  - (ii) To carry out the functions delegated to it under the Mergers and Acquisitions Policy.
  - (iii) To ensure that appropriate financial, legal and HR due diligence has been undertaken and considered.
  - (iv) To ensure that the proposed disposal is consistent with Group's strategic objectives.
  - (v) To understand the proposed communication plan with regard to all Members, employees, suppliers, customers and other stakeholders in both the Group and the disposed business.
  - (vi) To recommend to the Board as to whether the proposed disposal should be approved, amended or denied.
- (c) Capital Expenditure
- (i) To evaluate and understand the capital expenditure in the annual budget, prior to submission to the Board.
  - (ii) To evaluate and understand the purpose and consequences of any proposal for additional Significant capital expenditure, prior to submission to the Board.
  - (iii) To evaluate and understand the capital expenditure included in any annual or five-year plan.
  - (iv) To evaluate and understand any significant change to the level of spend in relation to capital expenditure projects previously approved by the Board.
  - (v) To understand the financial consequences regarding the funding of the capital expenditure.
  - (vi) To ensure that the proposed capital expenditure is consistent with Group's strategic objectives.
  - (vii) To evaluate approved projects to ensure that they are being implemented in accordance with the approvals received.
  - (viii) To recommend to the Board as to whether proposed capital expenditure should be approved, amended or denied.
  - (ix) To highlight concerns, if any, to the Board on the implementation of approved projects
- (d) Other Matters

- (i) To review at least once every two years the Committee's own performance, and composition, and make recommendations to the Board as necessary to ensure that it is operating at maximum effectiveness.
- (ii) To give due consideration to all relevant legal, regulatory and governance requirements in relation to any matter within its remit.
- (iii) To undertake on behalf of the Chair or the Board any other related tasks as may be entrusted to it from time to time.

#### **4. Meetings**

- 4.1 The Committee shall meet when a Transaction, not included and specifically approved in the annual budget, is proposed by the Ornu Executive team and at least twice a year.
- 4.2 Further meetings can be convened at the request of the Chair of the Committee or at the direction of the Board.
- 4.3 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and all other non-executive Directors, no later than ten working days before the date of the Meeting. Supporting papers shall be sent to, or made available on Diligent for Committee members and other Board attendees as appropriate at least one week in advance.
- 4.4 The quorum necessary for the transaction of business shall be 75% of the current membership or 4 members, whichever is the lesser. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. All or any of the Committee may participate in a meeting by teleconference or video conference. A person so participating is deemed to be present in person at the meeting and shall be counted in the quorum accordingly.
- 4.5 Each member of the Committee has an equal vote on matters that come before the Committee. Decisions of the Committee will be made by a majority of votes. If at any meeting the votes are equal, the Chair of the Committee (or, in the absence of the Chair of the Committee the chair of the meeting) shall have a second or casting vote.

#### **5. Authority**

- 5.1 The Committee is authorised by the Board to investigate any activity within its terms of reference.
- 5.2 The Committee is authorised by the Board to seek any information it requires from any employees or officers of the Group in order to perform its duties. The Committee shall have access to sufficient resources in order to carry out its duties.
- 5.3 The Committee is authorised to obtain, at the Group's expense, expert advice from the Group's auditors, professional advisers or otherwise, and to take independent professional advice and to require attendance of outsiders with relevant experience and

expertise if it considers it necessary, subject to any budgetary considerations set by the Board.

**6. Other**

- 6.1 The Board shall ensure that the Ornua Executive brief the Chair of the Committee on negotiations in relation to any Significant acquisition or disposal. It is the function of the Board to approve major capital expenditure projects and investment projects, and the Committee will review and consider any such proposals and make recommendations in that regard.
- 6.2 The Committee shall be provided with appropriate and timely training including an induction programme for new members.

**7. Minutes**

- 7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee. Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

**8. Reporting**

- 8.1 The Committee Chair shall make reports to the Board on the proceedings of the Committee and any material decisions taken.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and in line with its objectives and responsibilities.
- 8.3 The Committee shall make a statement in the Society's Annual Report about its activities.