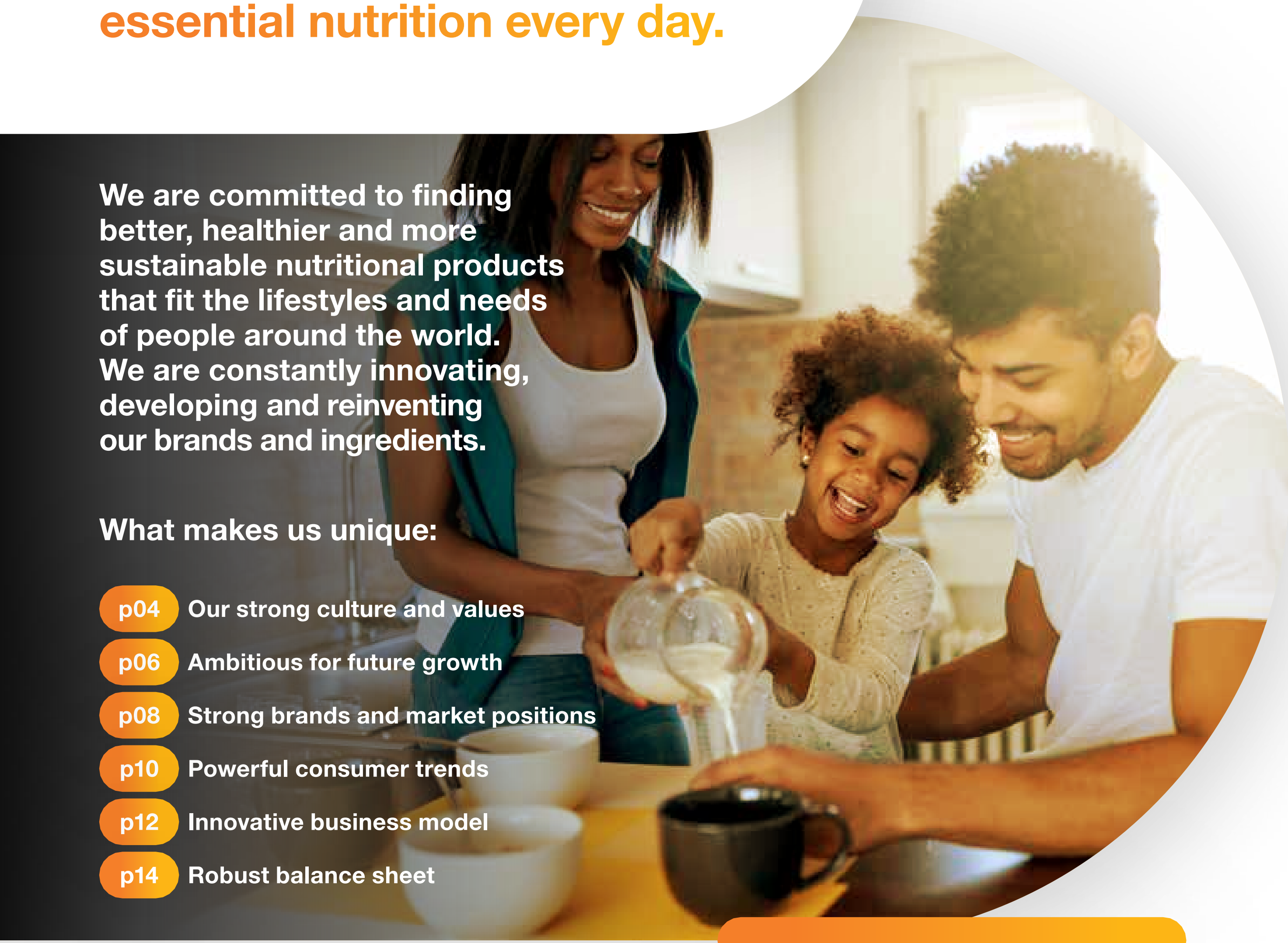
Glanbia plc
Annual Report and Financial Statements 2020

Delivering Essential Nutrition Every Day

Glanbia is a global nutrition group dedicated to delivering better nutrition for every step of life's journey. We deliver essential nutrition every day.



We are committed to finding better, healthier and more sustainable nutritional products that fit the lifestyles and needs of people around the world. We are constantly innovating, developing and reinventing our brands and ingredients.

What makes us unique:

- p04 Our strong culture and values
- p06 Ambitious for future growth
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- p12 Innovative business model
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"The commitment of our people coupled with the fundamental strength of our brands and ingredients enabled us to deliver a resilient performance through the challenges of 2020."

Siobhán Talbot Group Managing Director

Financial Highlights

Revenue

€3.8bn

(2019: €3.9bn)

-1.4%[1]/+0.6%[2]

Return on Capital Employed

9.0%

(2019: 10.9%)

-190bps

Sales volumes
GPN Like-for-Like (LFL) branded

-10.9%

(2019: -8.9%)

Sales volumes
Nutritional Solutions LFL

+2.4%

(2019: +7.0%)

Adjusted Earnings Per Share

73.78c

(2019: 88.10c)

-16.3%[1]/-14.9%[2]

Basic Earnings Per Share

48.72c

(2019: 61.04c)

-20.2%[1]/-18.9%[2]

Profit after tax

€143.8m

(2019: €180.2m)

-€36.4m

Net debt

€493.9m

(2019: €614.3m)

-€120.4m

EBITA (pre-exceptional)

€209.6m

(2019: €276.8m)

-24.3%[1]/-22.6%[2]

EBITA margin (wholly-owned)

5.5%

(2019: 7.1%)

-160bps[1,2]

OCF[3] cash conversion

122.4%

(2019: 86%)

+3,640bps

1. Reported currency
2. Constant currency
3. Operating cashflow

For definitions and more information on constant currency balance and other performance measures see the glossary on pages 214 to 221.

Forward-looking statements

Glanbia plc (the 'Group') has made forward-looking statements in this Annual Report that are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include, but are not limited to, information concerning the Group's possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words 'believe,' 'develop,' 'ensure', 'arrive,' 'achieve,' 'anticipate,' 'maintain,' 'grow,' 'aim,' 'deliver,' 'sustain,' 'should' or the negative of these terms or similar expressions. Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any forward-looking statements. The risk factors included at pages 58 to 61 of this Annual Report could cause the Group's results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that the Group is unable to predict at this time or that the Group currently does not expect to have a material adverse effect on its business. These forward-looking statements are made as of the date of this Annual Report. The Group expressly disclaims any obligation to update these forward-looking statements other than as required by law. The forward-looking statements in this Annual Report do not constitute reports or statements published in compliance with any of Regulations 4 to 9 and 26 of the Transparency (Directive 2004/109/EC) Regulations 2007. As an Irish incorporated company, the Strategic report does not constitute a strategic report for the purposes of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and the Remuneration Committee report does not constitute a remuneration report for the purposes of the UK Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations.

Glanbia at a Glance

Who we are:

The Glanbia Group consists of our performance and lifestyle nutrition brands, our nutritional solutions business, and our dairy joint ventures.

Glanbia Performance Nutrition

The Glanbia Performance Nutrition family has a portfolio of leading brands in sports and lifestyle nutrition. Our mission is to inspire people everywhere to achieve their performance and healthy lifestyle goals. Our flagship brands are OPTIMUM NUTRITION™ and SLIMFAST™ which occupy leadership positions in sports nutrition and weight control respectively. Our brand portfolio also includes AMAZING GRASS™, think!™ BODY&FIT™, NUTRAMINO™, BSN™ and ISOPURE™. Our brands are sold in over 100 countries in shops, stores and online.

Read more on page 32

What we do:

Collectively, we offer expertise in sports nutrition, nutritional and functional ingredients and consumer dairy products. We employ a team of 7,632* people, work with global food and beverage companies, and sell our award-winning and market-leading brands and ingredients in over 100 countries worldwide.

OPTIMUM NUTRITION

#1

Performance Nutrition brand globally

Where we are going:

Our ambition is to be one of the world's top performing nutrition companies trusted to enrich lives every day.

Global reach

We are taking our sports and lifestyle brands to new consumers, new markets and new channels worldwide. We are looking beyond our core to new products and new formats for our consumers. In Glanbia Nutritionals we continue to innovate our functional and nutritional ingredients business and widen our capabilities and customer reach.

Glanbia Nutritionals

Glanbia Nutritionals (GN) is a science-led, innovative producer of both dairy and non-dairy solutions, including cheese, nutritional and functional nutrition solutions and flavours. With a decades-long history of nutritional product leadership, GN's Nutritional Solutions business partners with food, beverage and supplement companies to deliver dairy protein, plant, protein, bioactive, premix, flavour, bakery, functionally optimised nutrients and edible films for a range of customers, from small start-up brands to multi-national brands. GN's US Cheese business is the number one marketer of American-style cheddar cheese, supplying brand owners and leading foodservice organisations globally.

Read more on page 36

Joint Ventures

We have joint venture partnerships in Glanbia Ireland, Glanbia Cheese UK, MWC-Southwest Holdings and Glanbia Cheese EU. These partnerships are strategically important to us and continue a history of collaboration that stretches back to Glanbia's origin as a dairy co-operative. Our joint ventures work with and complement our wholly-owned businesses. With their input we are the number one in Irish dairy, European mozzarella, and American-style cheddar cheese.

Read more on page 40

#1
US producer of whey protein isolate

#2
provider of global nutritional and functional premix solutions

#1
producer and marketer of American-style cheddar cheese

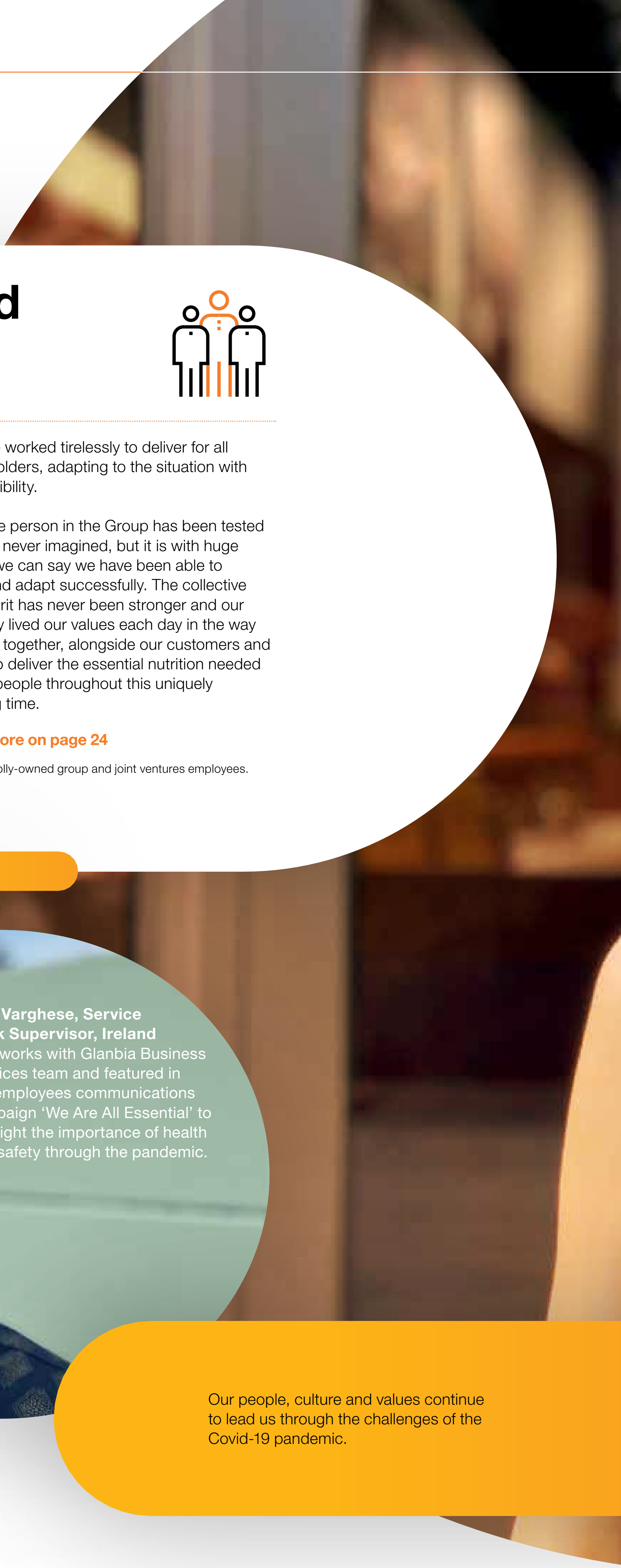
32
Number of countries in which we have a direct presence

34
production facilities across the globe

7,632
employees worldwide*

* Includes wholly-owned group and joint venture employees.

Investment Case 1
Our Strong Culture and Values



Our strong culture and values set us apart

Glanbia's purpose and values came to the fore in 2020. We were deemed an essential industry during the Covid-19 pandemic and our 7,632* people swiftly adapted their day-to-day working lives and ensured we kept our operations running safely. Our collective effort to protect our people was our top priority throughout the pandemic.

Thanks to the resilience and commitment of our people and partners, our supply chains stayed running, our products and ingredients reached our customers, made it onto store shelves and into the homes of millions of people all across the world every day.

Our people worked tirelessly to deliver for all our stakeholders, adapting to the situation with superb flexibility.

Every single person in the Group has been tested in ways we never imagined, but it is with huge pride that we can say we have been able to respond and adapt successfully. The collective Glanbia spirit has never been stronger and our people truly lived our values each day in the way we worked together, alongside our customers and suppliers to deliver the essential nutrition needed to sustain people throughout this uniquely challenging time.

Read more on page 24

* Includes wholly-owned group and joint ventures employees.

Jiby Varghese, Service Desk Supervisor, Ireland
Jiby works with Glanbia Business Services team and featured in our employees communications campaign 'We Are All Essential' to highlight the importance of health and safety through the pandemic.

Our people, culture and values continue to lead us through the challenges of the Covid-19 pandemic.

Pictured: Cynthia Wang
Human Resources Manager, GPN China.

Cynthia featured in our employee communications campaign 'We Are All Essential' to highlight the importance of health and safety through the pandemic.

"In a year like no other, we focused on our essential work of delivering nutrition in a safe and sustainable way."

Michael Patten
Group Human Resources Director

79%

of employees are satisfied with Glanbia response to the Covid-19 pandemic.

Investment Case 2
Ambitious for Future Growth

We are resilient and have ambitious plans for future growth

Covid-19 led us to adapt our strategy in 2020 but the Group's long-term growth drivers remain fundamentally unchanged.

Our focus for 2021 is to increase momentum in Glanbia Performance Nutrition (GPN) and continue to drive growth in Glanbia Nutritionals (GN).

In 2020, we broadened and accelerated the GPN transformation programme which will support the delivery of top line growth and margin momentum through a focused brand strategy and further investment in technologies and capabilities. Nutritional Solutions (NS) has proven ability to deliver organic growth and is an excellent platform to add complementary acquisitions. Across both GPN and GN, our growth strategy remains a blend of organic growth and pursuing strategic acquisition. Glanbia US Cheese and our joint ventures are resilient and deliver attractive returns for all our stakeholders.

But it is our people who are at the heart of our operations. We will achieve sustainable long-term success by developing a strong culture where people's talent, expertise and innovative mind set are rewarded. Talent development and retention remains central to delivery of our strategy. In 2020, Covid-19 transformed our day-to-day ways of working and we will continue to build and adapt our smarter ways of working model.

Read more on page 42

"The health and wellness trends which underpin our strategy have become more pronounced as a result of the pandemic. These healthy lifestyle trends are embedded across our branded categories and ingredient end-markets."

Siobhán Talbot
Group Managing Director

Revenue

€3.8bn

The Group delivered revenue of €3.8 billion in 2020, up 0.6% constant currency, down 1.4% reported.

Investment Case 3
Strong Brands and Market Positions

"Our brands are at the heart of healthy lifestyles and aim to transform people's health and wellbeing."

Hugh McGuire
CEO, Glanbia Performance Nutrition

OPTIMUM NUTRITION #1

performance nutrition brand globally.

We have strong brands and market positions

Glanbia understands the value of great brands and ingredients.

Glanbia Performance Nutrition's (GPN's) portfolio of world-leading performance and lifestyle nutirion brands satisfies a range of consumer motivations from sports performance to weight management.

People right across the world from athletes to remote workers want to eat well and live healthier, more active lives. Whether you want to build muscle, reach peak performance, eat more protein-rich foods, or lose weight, we have a product to help you achieve your goals.

For more than 30 years, OPTIMUM NUTRITION™ (ON) has supported athletes all over the world in achieving their sports performance goals, with OPTIMUM NUTRITION™ Gold Standard Whey the number one global sports nutrition brand and sold in over 100 countries. BSN™ and ISOPURE™ complete GPN's sports performance portfolio.

For active-lifestyle consumers, AMAZING GRASS™ is a plant-based nutrition brand for people who want to live a healthier life and it enjoys a leading position in the US greens category. Our think!™ brand provides high quality, high protein, ready-to-eat bars and snacks.

SLIMFAST™ is well established as a leading weight management brand in the US and the UK, with a wide range of product formats.

Our award-winning and trusted performance and lifestyle nutrition brands inspire our customers to achieve their performance and healthy lifestyle goals.

Read more on page 32

All GPN brands are available through a range of offline and online channels.

Investment Case 4
Powerful Consumer Trends

SLIMFAST™ KETO reached sales of $100 million in the US in the year. In August 2020, SLIMFAST™ launched a limited KETO range in the UK which achieved 8% value market share in leading retailers and extensive positive consumer feedback within the first three months.[1]

The launch of a think!™ KETO bar was also very well received by US consumers and within twelve months has become the top selling think!™ bar across Kroger retail stores.[2]

1 Nielsen 4 w/e 31.01.2020.
2 Spins YTD Nov 1 2020.

We are driven by powerful consumer trends

Covid-19 had a clear impact on consumers' attitudes, priorities and behaviours.

In today's world, consumers are seeking brands and ingredients that focus on healthy lifestyles, weight management and boosting immunity. The sudden change in lifestyle has resulted in consumers viewing weight management and metabolic health in a new light with 51% of global consumers indicating they are concerned about being less active or gaining weight during the pandemic.[1]

Consumers confined to their homes have turned to online fitness and weight management communities with a 29%[2] increase in the number of consumers exercising and working-out at home. Consumers also want their bodies to have the best defence against illness as possible, resulting in a rapid rise in demand for immune-boosting food and drink products.

We expect these trends to continue, and increase the demand for products and functional ingredients and solutions supportive of metabolic wellness and healthy weight management. Our portfolio of brands and ingredients play into these trends, which will support our future ambitions.

The pandemic also led to consumers placing more emphasis on brands and labels they trust,[3] a trend which also favours our established products and ingredients. Shopping patterns too have changed with convenient channels such as eCommerce increasingly the channel of choice for purchase decisions.

Protein plays a critical role for all these consumers. Whether they are consuming healthy protein snacks, sports nutrition shakes or using OPTIMUM NUTRITION™ Gold Standard Whey protein powders, a third of consumers still consider whey protein the "must-have" nutritional product.[2]

1 Driving Growth in a Covid-19 and Post-Covid-19 World: What Food & Beverage CPG Brands Need to Know.
2 Glanbia Performance Nutrition consumer research July/August 2020.
3 Edelman Trust Barometer 2020.

Read more on page 21

10.6% CAGR

The weight management market size is expected to hit US$295.3 billion by 2027.*

* Allied Market Research. (Weight loss and weight management)

Investment Case 5
Innovative Business Model

Our business model is focused on innovation and partnerships

Research and innovation is at the heart of our business model and in 2020 we continued to build on our expertise and capabilities.

Through our consumer-focused innovation, long-term partnerships and talented people, Glanbia Nutritionals (GN) add value to our pool of raw ingredients and deliver a portfolio of higher-margin nutritional and functional ingredients.

Our ingredients and solutions are used in a wide range of market segments such as dairy products, bakery and confectionary, beverages, infant nutrition and sports nutrition.

We are constantly innovating interesting new flavour solutions, new methods of delivering dairy and plant proteins in products, searching for the next powerful bioactive, custom designing premix solutions and helping customers create innovative products to meet evolving consumer preferences.

GN works in tandem with our customers, sharing insights and expertise in science and solutions to create the types of products that today's consumers demand.

We share our research data and consumer insights, create prototypes, and working with our customers guide the delivery of a product from concept to production. We proudly solve our customers' product challenges with custom formulations, new formats and innovations and enable them to outperform their competition.

Read more on page 28

With consumers attuned to health and fitness, demand is growing for good, 'clean', nutritionally rich foods. Functional nutrients are finding their way into everyday foods: in drinks, desserts, and a new wave of healthy snacks to eat on-the-go.

"Despite the challenges of Covid-19 our R&D teams ensured we kept customer products and formulations on track with virtual engagements and collaborations."

Brian Phelan
CEO, Glanbia Nutritionals

US$267bn

Globally fortified/functional food sales topped $267 billion for the month of February 2020.

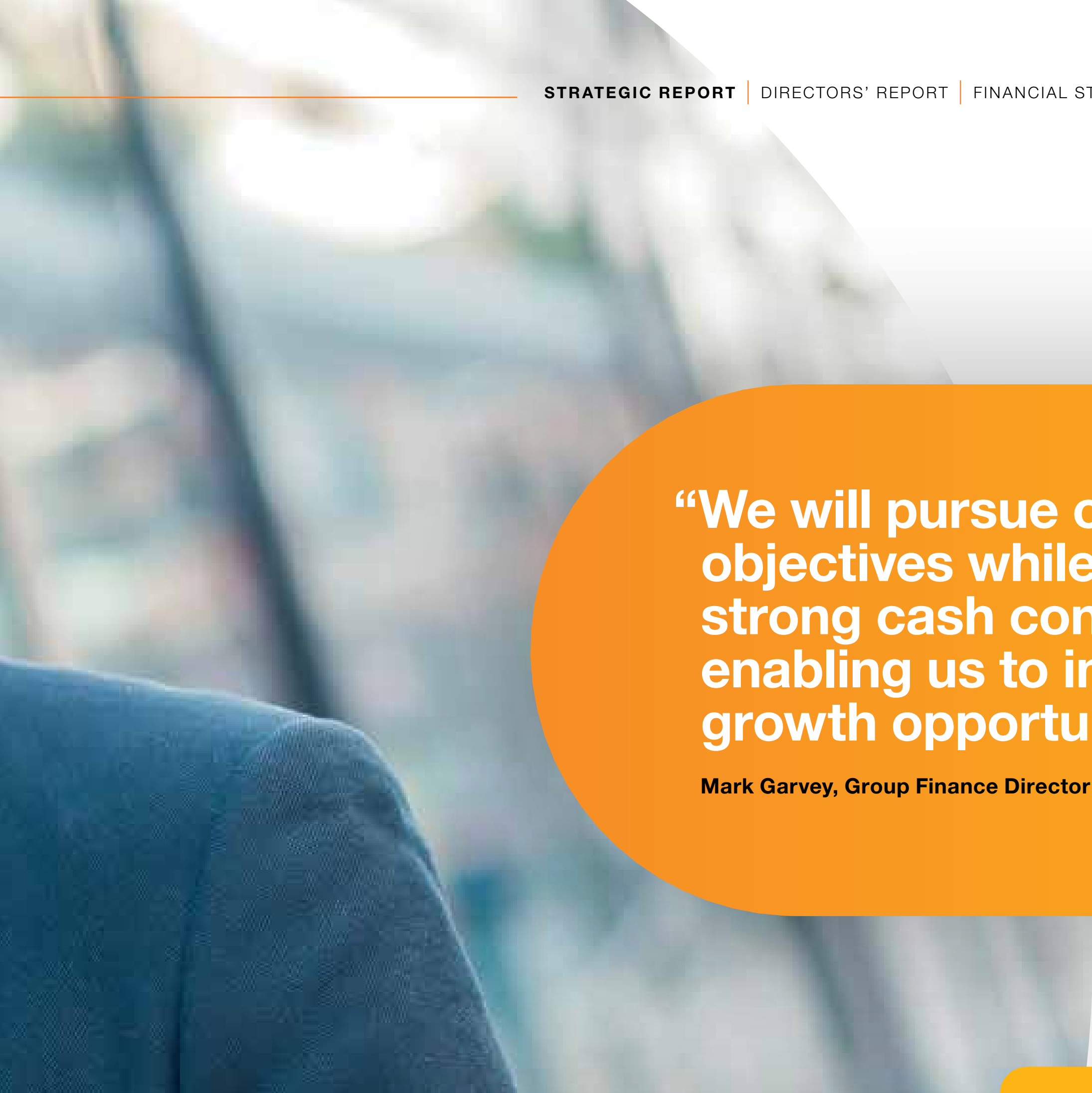
(Euromonitor.)

Investment Case 6
Robust Balance Sheet

Operating Cash Flow (OCF) conversion in 2020

122.4%

OCF was €334.8 million and represented a strong cash conversion on EBITDA of 122.4%. Net debt at the end of the year was €493.9 million, a decrease of €120.4 million on the prior year.



> "We will pursue our strategic objectives while delivering strong cash conversion, enabling us to invest in growth opportunities."
>
> **Mark Garvey, Group Finance Director**

Strong cash flow and a robust balance sheet gives us financial strength

We believe that low levels of financial risk not only provides the greatest likelihood of generating value for our shareholders in the long-term but also leaves our Group best placed to invest in the business and react quickly to both opportunities and adverse conditions as they arise.

An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet. Free cash flow is allocated to drive organic growth in established businesses operating in markets with development opportunities, and to acquisitions in existing and new geographic markets, in line with our development strategy.

Our strong conversion of earnings to cash also enables the Group sustain a progressive dividend policy.

At 2 January 2021, Glanbia had net debt of €493.9 million, a reduction of €120.4 million versus the prior year, which represented a net debt to adjusted EBITDA ratio of 1.7 times. Total committed debt facilities were €1.23 billion owing to the fact that the Group completed the financing of debt facilities and has no other committed facilities due prior to January 2024.

Our strong financial position and considerable financial firepower gives the Group the flexibility to continue its development and confidently navigate the uncertainly created by Covid-19.

Read more on page 42

Group Chairman’s Statement

“Our long-term value creation model is based on the balanced pursuit of revenue growth and earnings performance.”

Dear Shareholder

2020 was an extraordinary year to be appointed Chairman of Glanbia plc as we witnessed the spread of the pandemic in a way that none of us could have ever predicted. I have always been hugely impressed by the many qualities of this organisation, but never more so than in the past 12 months. Under Siobhán Talbot’s leadership, our people have shown tremendous resilience and fortitude in the most challenging of times. Everyone, throughout the organisation, has persevered even as their work routines and everyday lives were heavily disrupted. On behalf of the Board and myself, I want to recognise and thank all our people for their dedication, ingenuity and commitment. At the same time, we send our deepest sympathies and a message of support to all of those at Glanbia and beyond who have been personally affected by this unprecedented situation.

The emergence of Covid-19 has demonstrated more than ever how our consumers and customers rely on us every day for their essential nutrition. With the rapid spread of the virus, we immediately prioritised the health and safety of our people as we continued to produce our brands and ingredients. We quickly introduced a range of additional measures and processes to minimise the risk of our people contracting or spreading the virus while carrying out their day-to-day work.

The Board received regular updates from the Executive team on the pandemic’s impact on the delivery of our products and services; how the organisation was supporting our people; and the mitigation of the risks to our business. Throughout this pandemic, we have kept our operations across the globe running safely, an achievement we are justifiably proud of.

Financial performance

From a financial perspective, the business portfolio demonstrated great resilience despite the range of obvious challenges presented. The Group successfully navigated both the severity of the pandemic and the uncertainty surrounding Brexit. Of particular note was the Group’s revenue growth and the delivery of a strong cash performance. The Group delivered revenue growth to €3.8 billion, however the severity of Covid-19 in the second quarter of the year resulted in lower year-on-year earnings. Profit after tax was €143.8 million (2019: €180.2 million) and adjusted Earnings Per Share (EPS) was 73.78c with Return on Capital Employed (ROCE) at 9.0%. Our strong operating cash flow conversion continued at 122.4% (2019: 86%) with net debt at the year-end of €493.9 million (2019: €614.3 million).

Our portfolio of businesses responded differently to the pandemic. Glanbia Performance Nutrition (GPN) was most impacted by Covid-19 with international market disruption and challenges in the North American specialty and distributor channels, with trends improving as the year progressed. The other elements of our portfolio, most particularly Glanbia Nutritionals and our strategic joint ventures, delivered a very good performance in the most challenging of years.

Returning value to our shareholders

Financial prudence is of utmost importance in these uncertain times. Throughout the year, the Board carefully considered and monitored the potential economic impacts of Covid-19, in particular in relation to financing. Glanbia has a proven cash generative business model and we were able to navigate these exceptional times with a strong balance sheet and significant liquidity headroom. Mindful of the underlying strength of the Group and the strong financial position, the Board was pleased to announce a €50 million share buyback programme during the year. Our finance director, Mark Garvey provides a detailed overview of the programme on pages 42-47.

As Chairman, it is my intention, where appropriate, to return value to our shareholders, and to maintain the Company's dividend policy. In a further testament to the strength of our business the Board concluded it is appropriate for Glanbia to deliver a strong dividend for 2020 and has recommended a final dividend of 15.94 cent per share, subject to shareholder approval at the Annual General Meeting on 6 May 2021. The Group's total dividend per share for the year will be 26.62c, a payout ratio of 36.1%.

Delivering sustainable growth

Our 2020 successes are also evident in other, less quantifiable but no less meaningful ways, such as the trusted reputation Glanbia has with all its stakeholders and our excellent deeply embedded safety culture. All our safety metrics improved through the year.

As a Board, we exercise our corporate governance responsibilities with diligence but also with clarity of purpose to help the management team create value while honouring our responsibilities to our stakeholders and our communities.

The political and social movement dedicated to fighting racism that emerged in 2020 shone a light on how our economic, social and political systems operate. This forced the beginning of a global conversation on how we all need to change. As a Board we believe that everyone should have equal opportunities regardless of gender, religious belief, ethnicity, nationality or sexual orientation. As the Group's Workforce Director, a role which as Chairman I am pleased to retain, I am impressed with the high level of employee engagement enjoyed within the organisation. A highlight of the 'Your Voice' Employee Survey undertaken in early 2020 shows that our people feel safe in the workplace and are comfortable to be themselves at work.

In 2020 we accelerated our commitment to Diversity and Inclusion (D&I) with the development of a new Group-wide D&I strategy as detailed on pages 26 and 94. I firmly believe this D&I strategy will have a positive impact on all our stakeholders. Furthermore, we agreed an ambitious 2030 Sustainability Strategy outlining a prioritised set of actions which will initially focus on reducing our carbon emissions. These strategies are now reflected in the incorporation of environmental, social and governance (ESG) metrics in executive remuneration for 2021.

Board and Committee changes

2020 has been a particularly busy year for Board and Committee changes. In accordance with the Relationship Agreement dated 2 July 2017 between the Company and Glanbia Co-operative Society Limited (the 'Society') an Independent Non-Executive Director was to be appointed as Chairman of the Board in 2020, and it was my honour and privilege to be offered the position. Martin Keane duly stepped down as Chairman and, on behalf of the Board, I want to thank Martin for his stewardship of the Group over the past two years and in particular for his leadership through the current Covid-19 pandemic. The number of Non-Executive Directors nominated by the Society also reduced from eight to seven, consequently reducing the overall size of the Board from 16 to 15 Directors. Society Nominee Directors, Jer Doheny and Eamon Power retired from the Board at the conclusion of the 2020 AGM and John Murphy was nominated by the Society to join the Board on 8 October 2020.

Richard Laube, John Daly and Mary Minnick also stepped down from the Board during the year. We thank them all for their commitment, wise counsel and insightful contributions during their respective tenures and I wish them all the best for the future.

As I mentioned earlier, the Board actively promotes D&I in the workplace and, while we acknowledge the importance of having a diverse board, we also reiterate our commitment to ensuring that the best candidates are selected for Board positions. While reinforcing this commitment, we have made significant progress on gender diversity with the recent appointments of Jane Lodge and Roisin Brennan. In addition, Paul Duffy joins the Board effective 1 March 2021. Jane, Roisin's and Paul's extensive experience, as outlined on page 66 and pages 90 to 91, complements and further expands the broad range of skills on the Board.

While accommodating the aforementioned Board changes we also reviewed the membership of the Board Committees. On 20 January 2021 Jane Lodge was appointed to the Audit Committee. Jane was also appointed Chairman of the Remuneration Committee effective 1 March 2021. I succeeded Dan O'Connor as Chairman of the Nomination and Governance Committee and I will be joined on this Committee by Roisin Brennan who is also joining the Remuneration Committee. For more details on the membership of Committees see page 90.

The Society's strategic decision to reduce the Society's representation on the Board (from seven to three by 2023) in order to facilitate the appointment of additional Independent Non-Executive Directors and further strengthen the diversity of the Board is welcomed. In line with this, the size of the Board will also be reduced, further details of how this will be effected are contained on page 92.

As a Board we are committed to our dedicated board evaluation process and in 2020 external consultants conducted an independent performance evaluation of the Board, its Committees and individual Directors. Excellent progress has been made against the actions set out in our external evaluation, details of which are outlined on page 80.

Furthermore, our commitment to the 2018 UK Corporate governance code and our Non-Financial Reporting Statement can be found on page 51.

Looking forward

Our strategy is clear and remains aligned to accelerating market growth opportunities, some of which are emerging as a consequence of the pandemic. The Board's expectations for 2021 are positive and we are optimistic about Glanbia's growth potential. Our long-term value creation model is based on the balanced pursuit of revenue growth and earnings performance. Our cash generative businesses and a strong balance sheet ensures we are well placed to drive value for all our stakeholders.

Donard Gaynor
Chairman

Group Managing Director's Review

"I am extremely proud of Glanbia's response to the Covid-19 pandemic and I thank all of our people across the Group for their incredible hard work and dedication."

Dear Shareholder

The past year was unlike any other I have experienced in my time at Glanbia or indeed in my career. The Covid-19 pandemic has created upheaval on a global scale while changing the smallest details of our everyday lives. 2020 was a year that tested all of our previously held views: how markets and supply chains operate; about global economic interdependence; and what it means to truly deliver for our employees, customers, consumers, partners and communities. In the face of an unprecedented global crisis, our focus has been, and must continue to be, on the health and wellbeing of our people. At the start of the pandemic we set three priorities: protect our employees; continue supplying food; and maintain a strong financial position.

Fortunately, our operating model enabled us to respond swiftly and appropriately to both the local and global challenges presented by the pandemic. In line with government guidance locally and in coordination with our suppliers, customers, industry and our supply chain colleagues, all of our manufacturing sites and work practices quickly adapted to protect our workforce. This included the immediate establishment of a Group-wide business continuity team to deliver key initiatives across the Group, including new working processes for essential staff, additional safety precautions on production sites, remote working support, regular engagement with our people, and a range of employee relations measures to assist all of our people.

At the outset of the pandemic, we set three priorities for Glanbia which drove our day-to-day decision-making:

1. Protect our people.

2. Continue supplying food.

3. Maintain our strong financial position.

Fundamentally, Glanbia exists to deliver its brands and ingredients in a responsible and sustainable way. It was of vital importance that businesses such as ours continued throughout the pandemic to produce nutritious food safely. This would not have been possible without the tremendous efforts of all our people, many of whom are classified by their governments as essential workers. Our people demonstrated real resilience, agility and strength in navigating the Covid-19 crisis. I thank them all and our extended community of supplier and customer partners for their incredible hard work and dedication throughout this difficult period.

Our Strategy

In February 2020, we set a clear strategy to regain growth momentum. As we moved through the second quarter of the year, the pandemic impacted our performance and we took swift action to adapt to the evolving situation. We maintained focus on both the tactical and the strategic priorities ensuring that our Group would emerge strongly from the crisis.

Importantly, our long-term drivers remained unchanged and the onset of Covid-19 has in fact amplified the market trends that drive our growth. Now, more than ever, consumers are mindful of their health and wellbeing; prioritising functional nutrition including immunity boosters; maintaining a healthy weight; and supplementing with protein-rich foods to support their performance and healthy lifestyle goals. This positions Glanbia very well for future growth given our core focus on health, wellbeing and nutrition. Consumers have evolved in both their motivations and behaviours. We have seen increased loyalty towards well established brands, quality being recognised as a true brand differentiator and convenient channels such as eCommerce increasingly becoming the channel of choice for purchase decisions.

We have responded to the amplification of these market trends across all aspects of our business. In Glanbia Performance Nutrition (GPN) we accelerated and broadened our ambitious transformation programme, which is restoring organic growth with an eCommerce bias and improving margins. In Glanbia Nutritionals (GN), a business that was particularly resilient through the pandemic, we extended our offerings in the immunity and functional food space and added flavour capabilities to our suite of nutritional solutions.

Our clear strategic priority is growth. We will achieve this by regaining top line growth and margin momentum in GPN and continued strategic evolution in GN, particularly in Nutritional Solutions. We remain focused on brand strategy and investment in new ingredient solutions; enabled by continued investment in our people and our technology platforms. We remain ambitious for both organic and acquired growth and our strong liquidity position will facilitate and fuel this growth.

Detailed financial performance

Our financial performance this year demonstrates more than ever the Group's resilience. Despite the obvious challenges, our earnings were robust and our liquidity position improved. We started the year well, had a very challenging second quarter when the impact of the Covid-19 lockdowns was most severe and then sequentially improved as we moved through the second half with strong margin recovery in GPN and continued strong performance in GN and in our strategic joint ventures. Revenue for the year was €3.8 billion and EBITA margins 5.5% delivering an adjusted Earnings Per Share of 73.78 cent. Operating cash flow was strong with cash conversion at 122.4% resulting in net debt reduced by €120.4 million relative to the prior year.

Glanbia Performance Nutrition

In 2019 we announced a wide-ranging transformation programme for GPN and a key focus throughout 2020 was the extension and execution of this programme which will continue in 2021. The programme is on track with results achieved to-date ahead of the business case. GPN revenue for 2020 was €1.1 billion, a 15.0% constant currency decline on the prior year. On a like-for-like (LFL) branded basis, revenue declined 10.8% in the year. After a strong first quarter, the business was significantly impacted in the second quarter of the year by the Covid-19 lockdowns, particularly in markets outside the US, which reduced revenue significantly. The business responded quickly to these market dynamics, reducing costs and altering supply chain operations as needed. Market conditions improved as we moved through the second half of the year and the business reacted well to the gradual reopening of key route-to-market channels. While we continued to invest behind our brands, strategic pricing decisions implemented in 2020 resulted in a positive pricing dynamic in the business.

As we moved through 2020, EBITA margin was a key business focus. Negative operating leverage as a consequence of a declining revenue significantly reduced margins in the second quarter of 2020, however margins were rebuilt in the second half to double-digit levels through a combination of improved operating leverage, improved pricing, and the realisation of benefits of the transformation programme. We remain on track to achieve our operating margin ambition in GPN of between 12% and 13% in 2022.

Our global brands OPTIMUM NUTRITION™ (ON) and SLIMFAST™ both delivered good performances. In our key US market, OPTIMUM NUTRITION™ and SLIMFAST™ shipments were lower year-on-year by 6% and 9% respectively. However, consumption across both brands was very resilient, up 4% in both OPTIMUM NUTRITION™ and SLIMFAST™. Household penetration for SLIMFAST™ also rose and is at 5% with strong master brand communication across traditional and digital media which was complemented by the launches of the SLIMFAST™ app and the dedicated SLIMFAST™ Direct-to-Consumer (DTC) eCommerce site. OPTIMUM NUTRITION's™ 'Better than Before' campaign also proved successful for the brand and was its first ever 360 degree communications campaign based on deep consumer insights across multiple media channels which lead to strong engagement at retail and consumer levels.

"Now, more than ever, consumers are mindful of their health and wellbeing: prioritising functional nutrition including immunity boosters; maintaining a healthy weight; and supplementing with protein-rich foods to support their performance and healthy lifestyle goals. This positions Glanbia very well for future growth given our core focus on health, wellbeing and nutrition."

Group Managing Director's Review continued

Glanbia Nutritionals
Over the past number of years, in line with our strategy, we have invested heavily in Glanbia Nutritional's (GN's) assets and capabilities in the growing ingredients sector. This strategy has delivered for the Group with a 9% constant currency increase in revenue in 2020. This strong performance was driven in particular by increasing demand in Nutritional Solutions from growth categories such as supplements and specialised nutrition as well as retail channels for food and beverage brands. GN's US Cheese business delivered a very good performance in volatile market conditions.

During the third quarter of 2020, we completed the acquisition of Foodarom, a Canadian flavours business with CAD 34 million annual revenue for a purchase price of CAD 60 million plus contingent consideration. Foodarom is highly complementary to GN's solutions-based customer approach and focus areas, strengthening Glanbia's capability in flavours and nutritional solutions. The knowledge and experience of the combined R&D teams will strengthen GN's growing position in flavours, and enhance its ability to provide optimised ingredient systems to its customers. For more information on GN's performance see page 36.

Joint Ventures
All of our joint ventures (JVs) performed well in 2020, demonstrating the strength of our models. GN's US Cheese team continues to operate all of the dairy processing plants within GN including MWC-Southwest Holdings in Michigan. This new large-scale JV plant is on track and commenced commissioning in October 2020. Commissioning is expected to be completed by the second quarter of 2021.

The new Glanbia Cheese EU JV plant in Portlaoise, Ireland is on track with construction largely completed at the end of 2020 and commissioning expected to be completed by the second quarter of 2021. This plant will further enhance the Group's leading position in the mozzarella cheese category. For more information on the performance of our JVs, see page 40.

Contributing to a better world

The disruption caused by Covid-19 to markets, trade and supply chains in the past year made it clear that solving our shared challenges will require working in broad global coalitions. We continue to strongly support the U.N. Sustainable Development Goals and its initiatives and principles for human rights, labour, the environment and anti-corruption.

Sustainability is an embedded ambition for Glanbia, the very genesis of our nutrition portfolio was our desire to generate value from what had been a waste product from dairy processing. From a very solid base, we will evolve our 2030 sustainability strategy. As we consider the areas of environmental, social and governance within a sustainability framework, we will prioritise the environmental and social pillars. In environmental sustainability we will formalise the work ongoing in our businesses and go further in committing to more ambitious targets in key areas such as carbon, water, waste and packaging. You can read more about our approach to sustainability throughout this report and on pages 48 to 53.

In social sustainability, we will build on our purpose and values-led culture to truly embrace diverse perspectives at all levels of our organisation. In 2020, we elevated the conversation around Diversity and Inclusion (D&I) and asked ourselves what can we do to make everyone in Glanbia feel welcomed, valued and heard. We know more action is needed and we are excited by the journey ahead. We have enhanced our vision for our people as we foster a culture which will celebrate individuality, knowing that together we are more.

Before I conclude, I would like to acknowledge the contribution of our former Chairman Martin Keane, who stepped down in 2020. During his tenure as Chairman, Martin provided strong and focused Board leadership. On behalf of the Board, the Senior Management team, and myself I thank him sincerely for his valued support and contribution.

Looking forward

We look forward to the future with confidence. The accelerating health and wellness trends, which underpin our strategy, position us well for long-term sustainable growth.

At Glanbia we will maintain vigilance as we continue to focus on the delivery of our strategy. The health and welfare of our people will remain front of mind and we will continue to work closely with all our supply chain partners to deliver essential nutrition to our consumers. Our everyday ways of working remain transformed and we have learned and adopted new and innovative practices by offering our people more flexibility in how, where and when they work. It is of vital importance that all of our people and their families continue to feel supported during this challenging period.

We currently expect pandemic related restrictions to ease in key regions during the course of 2021 assuming the widespread rollout of vaccines are successful in reducing Covid-19 infection rates, however the duration and impact of the pandemic remains volatile.

In FY 2021 Glanbia expects to deliver adjusted Earnings Per Share growth of 6% to 12%, constant currency, driven by revenue and EBITA growth in both GPN and GN. Glanbia's focus on the GPN transformation programme will provide an opportunity to build on the achievements delivered in the second half of 2020 and drive further margin improvement in FY 2021 over FY 2020.

Siobhán Talbot
Group Managing Director

Our Strategy

Evolving our strategy to reflect a changed external environment

Our strategy is fuelled by the accelerating trends around health and wellness. **Our strategy is growth.**

Covid-19 has driven demand for food and beverages that promote health and wellness, weight management, immunity, trust and sustainability. Glanbia's portfolio of brands and ingredients sit at the centre of these large and accelerating trends.

Key market trends

- **As the foundation for healthy living has shifted from treatment to prevention and now optimisation, consumers increasingly make food and beverage choices based on nutritional benefit, energy, health and immunity;**
- **eCommerce has emerged as the trend of 2020 with penetration and usage accelerating at pace;**
- **Consumers are loyal to established and trusted brands in performance nutrition and weight management;**
- **Once the preserve of body builders, the interest in dairy protein as a nutrition source has gained mass appeal;**
- **Plant-based protein appeals to three growing consumer cohorts: flexitarian, vegetarian and vegan;**
- **Strong demand for functional ingredients that go beyond nutrient density and provide specific health and wellness benefits; and**
- **Customers want to know much more about where ingredients come from and to engage with, rather than be passive participants of the food system. Customers want sustainability embedded in supply chain.**

Our key strengths and unique competitive advantage enable us to benefit from these accelerating trends

Our strong culture and values

Our people are fundamental to delivering success for Glanbia and we are committed to fostering a diverse and inclusive culture where our employees are motivated to live our Group's values.

Ambitious for future growth

Our growth strategy continues to be a blend of organic growth and strategic acquisition opportunities.

Strong brands and market position

We operate in attractive markets, which provide significant opportunity for growth for our flagship consumer brands, OPTIMUM NUTRITION™ and SLIMFAST™.

We are the **#1 US producer** of whey protein isolate, and the **#2 producer** of global micro-nutrient premixes.

Sustainable business model

Through our consumer-focused innovation, long-term partnerships, and talented people we deliver a portfolio of branded performance nutrition and lifestyle brands and of nutritional and functional ingredients.

Robust balance sheet

Our business has strong conversion of earnings to cash.

With strong financing metrics, we have considerable financial firepower and flexibility to fund strategic capital expenditure and acquisitions.

We have a clearly differentiated strategy for growth underpinned by a strong environmental, social, and governance focus and clear strategic priorities

Protect and grow our portfolio of core brands and ingredients

Purposeful growth through innovation and acquisitions

Drive efficiency by embedding operating enablers

Read More in Our Strategy on pages 22 and 23

Our Strategy continued

Strategic priorities | **2020 progress** | **Looking forward**

Strategic priority #1

Protect and grow our portfolio of core brands and ingredients

Our core brands and ingredients hold market-leading positions in categories that are driven by strong underlying health and wellness trends which have been further accelerated by the Covid-19 pandemic.

2020 progress

GPN

- Evolved the transformation project to deliver sustainable top and bottom line growth;
- Through focused consumer engagement OPTIMUM NUTRITION™ increased its Net Promoter Score to 59 and SLIMFAST™ increased its household penetration to 5; and
- Focused the brand development in growth channels with over 70% of sales in online and FDMC channels.

GN and JVs

- Ensured Nutritional Solutions resiliently played into trending categories driven by strong demand for functional and nutritional ingredients which deliver to consumer needs for improved immunity and general health; and
- Optimised performance in US Cheese and JVs as retail food staple demand increased through the pandemic.

Looking forward

GPN

- Complete GPN's transformation project driving like-for-like branded revenue growth and building on the margin improvements delivered in the second half of 2020;
- Build OPTIMUM NUTRITION™ brand and SLIMFAST™ as our global brands via channel development, innovation and consumer advocacy; and
- Capture further growth in key growing channels.

GN and JVs

- Maintain Nutritional Solutions' strong growth rate in healthy snacking and ingredients solutions;
- Continue to build out Nutritional Solutions' business through enhanced capabilities, innovative technologies and bolt-on acquisitions; and
- Solidify #1 position in US Cheese with full commissioning of the MWC-Southwest Holdings JV plant in Michigan.

Strategic priority #2

Purposeful growth through innovation and acquisitions

The growing global interest in healthy, active lifestyles means our portfolio of brands and ingredients have extensive appeal to a growing number of global consumers and customers. Our innovative mindset drives our investment in our brands and ingredient capabilities.

2020 progress

- Continued to grow with established online retailers and develop our Direct-to-Consumer channel;
- Acquired Foodarom, a Canadian flavours business, to expand NS into complementary flavours technologies; and
- Commenced the commissioning of a new dairy JV facility in Michigan, US (MWC) and a mozzarella JV facility in Ireland (Glanbia Cheese EU).

Looking forward

- Maintain growth and investment in broad eCommerce channel strategy;
- Selectively invest and grow in key strategic international markets in both GPN and GN;
- Consider strategically complementary acquisitions as opportunities arise;
- Continue to build differentiated, compelling capabilities and technologies that are attractive to NS' customers; and
- Complete commissioning of the new dairy JVs in Michigan, US and Ireland.

Strategic priority #3

Continue to embed operating enablers

The Group is supported by vital growth enablers across talent development, sustainability and risk management, all combining to set a consistent strategic direction.

2020 progress

- Restructured GPN's operating model;
- Developed Group-wide 2030 sustainability strategy with clearly defined targets;
- Rolled out a new Group-wide flexible working model to create an agile working environment which will remain post pandemic; and
- Enhanced employee culture and engagement including the developments of a Group-wide Diversity and Inclusion strategy.

Looking forward

- Continue to refine Group and Business Unit operating models;
- Invest in technology to support our strategic agenda;
- Continue ongoing talent development and engagement strategies;
- Implement our sustainability strategy; and
- Embed a transformative and flexible working environment.

Key Performance Indicators		Key risks	Link to remuneration
Adjusted Earnings Per Share **73.78c** **(2019: 88.10c)** **-14.9% constant currency** **GPN Revenue** **€1.1bn** **(2019: €1.4bn)** **-15.0% constant currency**	**GN Revenue** **€2.7bn** **(2019: €2.5bn)** **+9.0% constant currency** **Revenue Volume Growth** **-2.0%** **(2019: 0.1%)**	• Continued disruption or a significant escalation in the spread of Covid-19 with resultant people, supply chain and market impacts. • An increase in international trade volatility. • Competitor activity across certain channels through high promotional activity or unexpected product innovation. • A rapid change in consumer behaviour or preferences. • A significant rise in social unrest. • The loss of, or significant deterioration in commercial terms with, one of our key customers.	• Adjusted Earnings Per Share is a performance target in both the annual and long-term incentive for Executive Directors and all members of the Operating Executive; • Business segment EBITA forms part of the annual and long-term incentive of the CEO of GPN and CEO of GN; and • GPN LFL branded revenue growth and GN Nutritional Solutions volume growth form part of the annual incentive for the CEO of GPN and CEO of GN respectively.
Adjusted Earnings Per Share **73.78c** **(2019: 88.10c)** **-14.9% constant currency** **OCF Conversion** **122.4%** **(2019: 86%)** **+3,640bps**	**ROCE** **9.0%** **(2019: 10.9%)** **-190bps** **Total Shareholder Return** **5.0%** **(2019: -36.7%)**	• A failure to effectively conduct due diligence, transaction completion or business integration which may prevent anticipated acquisition benefits from being realised. • A failure to obtain accurate and relevant market and competitive intelligence. • Not innovating ahead of or in-line with the market or failing to recognise shifts in consumer behaviour.	• Adjusted Earnings Per Share is a performance target in both annual incentive and LTIP for Executive Directors and all members of the Operating Executive; • Conversion of earnings to cash is a performance target in the annual incentive for Executive Directors and the Operating Executive; and • ROCE and TSR are performance targets in the LTIP for Executive Directors and the Operating Executive.
Employee Engagement Score **72%** **Percentage of employees who said they were happy working at Glanbia.**	**Glanbia Risk Management System** All locations maintained or improved their individual site rating from the prior year.	• A failure to embrace diversity or invest in developing our people will impact employee retention; • A failure to match technology with needs of new smart working model; and • Below expected performance on sustainability targets.	• Development of talent is a personal objective of Executive Directors and the Operating Executive; • New Environmental, Social and Governance (ESG) metrics are introduced into Executive remuneration for 2021.

Our People

"Our strong culture, aligned with the extraordinary efforts of our people, steered Glanbia through the challenges of 2020."

Michael Patten
Group Human Resources and Corporate Affairs Director

Decisive action in challenging times

Our philosophy of valuing our people informed our approach to Covid-19 in 2020. It also underpinned our focus on the development of a Diversity and Inclusion (D&I) strategy. As mentioned by our Group Chairman and Group Managing Director the health and safety of our people was our primary concern as the Covid-19 virus spread across the world. We established a global response team in the initial stages of the outbreak which took timely and effective action to ensure all our workers, especially our essential workers, were operating in a safe manner and in line with government guidelines locally. To this end, we swiftly introduced a range of additional health and safety measures and processes to minimise the risk of contracting or spreading the virus, while our frontline workers across the world continued to produce essential food and ingredients for our customers and consumers. No pay cuts or pandemic-related layoffs were implemented in 2020 and no government support was sought or received by any part of the Glanbia organisation. To support employees in North America, additional sick pay measures were introduced. As the pandemic spread, our focus adapted to living and working safely with it. We put in place detailed site protection plans, including temperature checking at point of entry, obligatory mask wearing, occupational health support and on-site testing as well as clearly defined policies and training for site leaders, all supported by frequent communication to employees. Case management tracking and support became an effective employee support mechanism and risk mitigation tool. We also focused on employee wellness more generally, recognising the impact of pandemic-related stress and anxiety on mental health. In addition, we provided care packs to our employees on the frontline and recognised their efforts through Appreciation Awards. We rapidly developed smart working principles including flexible and remote working policies which were implemented right across our organisation.

Smart Working

In 2020 we formalised our flexible working models through the Group-wide launch of our Smart Working initiative. Comprising flexible and remote working principles, Smart Working aims to promote both productivity and balance, by being flexible to the diverse needs of our people, culminating in higher levels of engagement and productivity.

Talent and Leadership

The Group sustained its focus on talent and leadership development through Covid-19, successfully transitioning to online learning and engagement. Our annual Organisation and People Review (OPR) was completed during the year, supporting the proactive management of succession and talent planning.

Our Senior Leadership Programme 'Leading for Growth' pivoted online with a focus on navigating disruption. The programme provides insight into the latest thinking and application in areas such as strategic focus, agility and sustainable leadership skills, and addressed themes including international scaling, leadership impact and business building. Our Advanced Leadership Programme 'Leading the Future' won the 'Best Leadership Development Award' at the Institute of Training and Development Awards in 2020. This executive leadership programme aims to develop future ready leadership capabilities and ignite transformational change to enable future growth. Planning for the delivery of our global leadership programmes in 2021 is underway.

Pivoting our learning and development focus online

Glanbia's success is powered by our people and we know that our business grows when our people are enabled to develop their capabilities and skills. In 2020, much of our learning and development activity was delivered remotely, initially through a Covid-19 Learning Series which aimed to support our people to navigate disruption and which covered topics including successful remote working, communicating effectively in virtual teams and cultivating resilience. More than 1,400 employees participated in the Covid-19 'Learning Series' and across the Group we saw an overall 93% increase in learning and development participation in 2020. A 'Learning and Development Hub' was also rolled out, providing access to a range of remote learning and development resources.

United Nations SDGs most relevant to Glanbia

Jesus Bazan (GPN) and Emily Stout (GN) were among the employees featured in our 'We Are All Essential' health and safety communications campaign.

Culture and Engagement

In 2020 we deepened our employee listening strategy to continuously gather insights. Glanbia's Your Voice employee survey conducted in early 2020 showed engagement at the industry benchmark level of 72% with a high degree of employee pride in Glanbia's products and services. Key areas identified for improvement included greater work flexibility and career progression. These areas have been a focus in 2020 with the roll out of 'Smart Working' flexible work policies across the organisation.

An employee survey conducted in response to Covid-19 showed that 79% of employees were satisfied with Glanbia's response to the pandemic with differing needs identified between remote workers (flexibility, communications) and on-site employees (health & safety protocols, sick leave support). A further pulse survey on Diversity and Inclusion (D&I) achieved good participation with employee feedback informing our D&I strategy development.

Key engagement programmes including roadshows and townhalls quickly pivoted online in 2020 and we extended our wellbeing programmes to support social, physical and mental wellness. Our Workforce Director Donard Gaynor participated in a number of the townhalls. We will continue to evolve our engagement approach and tools as we establish new ways of working post pandemic.

Pure Ambition Graduate Programme

Glanbia's Pure Ambition Graduate Programme continues to play a key role in selecting and developing the next generation of leaders for Glanbia. Recruitment for the 2021 programme took place virtually. The programme was recognised as Graduate Employer of the Year (<40 intake) at Graduate Ireland's 2020 Recruitment Awards.

Global employee base

In 2020, total Group employees, including joint ventures, came to 7,632 people based in 32 countries. Glanbia Performance Nutrition (GPN) had 2,038 employees during the year. Glanbia Nutritionals (GN) employed 2,493 people in 2020 including the addition of 45 from Foodarom. Our joint ventures had 3,101 employees in 2020.

Health and Safety

Covid-19 shaped much of Glanbia's Health & Safety (H&S) landscape in 2020. The H&S Leadership Team continues to be a key part of the foundation on which our Site Protection Plans were developed, launched, and sustained. From on-site health checks, to sanitation, social distancing protocols and standards in contact tracing, our H&S leaders and teams were a core part of the wider Group effort to ensure our sites were safeguarded against the spread of the virus. Despite the unforeseen and expansion of the pandemic, the teams remained focused and ensured delivery of further H&S improvements in our key metrics.

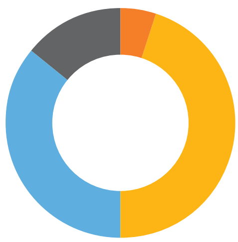
In 2020, 47% of reporting locations had zero LTC (Lost Time Cases) improving on our 2019 performance (2019: 30%). The global Total Recordable Incident Rate (TRIR) for Glanbia as a Group improved nearly 15% to 2.00 per 200,000 hours versus 2.35 in 2019. While we did not reach our 2020 target of 1.80, we are confident that we are on track to meet our five-year targets with appropriate action plans in place.

This year's improvements were driven by strong results most notably in Glanbia Ireland and Glanbia Performance Nutrition, who showed incremental improvement by implementing a deeper use of leading 'near miss' indicators as a driving force to prevent injuries. For 2021, our improvement plans will be reviewed bi-annually by our Corporate Responsibility Council (CRC) and will be part of our culture of excellence in H&S.

Employee gender split

- Men 68%
- Women 32%

Employees by age



- Gen Z 5%
- Millenials 45%
- Gen X 36%
- Baby Boomers 14%

Our People continued

Launching our Diversity and Inclusion strategy: Promoting a diverse and inclusive Glanbia

Glanbia products enrich lives daily. Equally important to Glanbia is that we enrich the lives of our internal and external stakeholders and the communities we serve.

In 2020 we placed a renewed focus on Glanbia's D&I culture through the development of a D&I strategy.

To ensure that all voices were heard and reflected, we undertook a deep listening exercise that included focus groups and one-to-one interviews with diverse and under-represented groups, alongside a company-wide employee survey. We also completed an external benchmarking exercise.

Through this broad and inclusive process, we learned that there are some things we are doing well such as people and culture and some areas to improve on, for example D&I training and awareness.

Our employees report that 'the people' make Glanbia a great place to work, with respect, camaraderie and teamwork featuring highly in their experience of working with Glanbia.

In our D&I survey, 70% our employees reported that 'my workgroup has a culture in which employees appreciate the differences that people bring to the workplace'.

While three quarters of respondents said 'I feel comfortable being myself at work' there is evidence that some under-represented groups may experience the workplace differently and do not always feel as comfortable expressing themselves. There is also a perception of inequality in terms of promotion and development opportunities.

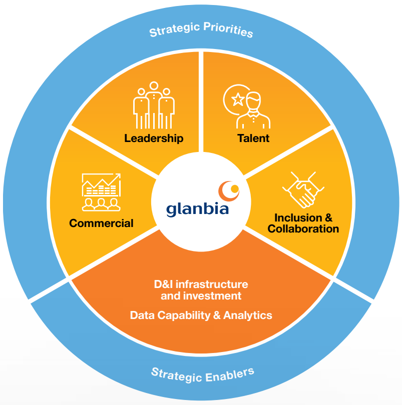
The findings have led to the development of a comprehensive D&I strategy. With Group Executive leadership and Board oversight, our vision is that **'At Glanbia we celebrate individuality, knowing that together we are more'.**

We are committed to fostering a truly inclusive culture that rejects any form of racism and other discrimination, where every one of our employees believes that they belong and that they have equal opportunity to thrive.

We are committed to nurturing a diverse workforce reflective of the customers and consumers we proudly serve and our talent processes will ensure equitable recruitment, promotion and development opportunities. Diversity is about valuing difference, whether that's people of different ages or genders or races or backgrounds and the different insights and perspectives different people bring.

Our ambitious D&I strategy will be realised under four strategic priorities: Leadership, Talent, Commercial, Inclusion & Collaboration.

Our 2021 priorities will focus on embedding inclusive leadership behaviours; ensuring that our talent and acquisition processes are fair and equitable; establishing resource groups; focusing on facilitating broader employee engagement on the topic; and building our data capability to track and measure actions.



'Showing Respect' is one of Glanbia's core values and we recognise the opportunity that global cultural events provide to raise awareness and understanding of different cultures and traditions. Undaunted by the challenges presented by Covid-19, in 2020 we found new ways to celebrate global events – demonstrating the importance we place on respecting each other and valuing diversity.

In June, our activities to mark Pride included a webinar with Dil Wickremansinghe, an inspiring campaigner for social justice.

Through a variety of educational webinars, virtual engagement initiatives and personal stories shared by our employees, other events celebrated included:

- International Women's Day
- World Mental Health Day
- Veterans Day
- Diwali

Our Approach to Stakeholders

Our approach to engagement

Glanbia maintains an open and transparent approach to stakeholder engagement, founded upon building respectful and constructive relationships with our key stakeholder groups, As a Group we recognise that the sustainability of our business strategy is enhanced when it is reflective of stakeholder views and input. Our key stakeholders, identified below, are those with an interest or concern in our purpose, strategy, operations and actions and who may be affected by them. Further details on how the Board Directors' duties are discharged and the oversight of these duties are included in the Governance section on pages 76 to 77. We have set out on these pages how the business engages with our stakeholders, the key interests raised and the outcomes of that engagement.

Our material issues

We have prioritised these as our material issues under the following sustainability areas of focus:

- Economic
- Social
- Environmental

How the business engages with stakeholders	Stakeholder expectations	Outcomes of engagement
People We engage with our employees through a range of formal and informal channels, including meetings, conferences, appraisals, employee surveys, our intranet, Workforce Director engagement and focus groups, all of which were carried out virtually in 2020. Throughout the Covid-19 pandemic, the health, safety and wellbeing of our people has been paramount.	Respecting our people D&I Employee health and safety Employee engagement	79% of employee satisfied with Glanbia response to Covid-19 (Pulse survey June/July 2020). Rollout of new flexible working programme. Launch of Glanbia's D&I strategy. Improvement in key metrics for monitoring safety including LTC and TRIR metrics. 79% of employees felt Glanbia takes a genuine interest in employee's health and wellbeing.
Consumers and customers Our consumers and customers rely on our brands and ingredients and therefore our ability to listen, understand and respond to their feedback is paramount. We communicate regularly via customer meetings, our DTC platform, newsletters, blogs and social media. As provider of essential nutrition, in 2020 we increased our engagement to reassure our consumers and customers that we would continue to meet their product and ingredient needs.	Product safety and quality Sustainable value chains Animal welfare Packaging Sustainable products Climate change	Launched Glanbia's sustainability strategy. Virtual engagements with customers on business strategy and opportunities. Refreshed marketing focus in GPN. Online support and engagement for personal trainers and coaches during pandemic.
Suppliers A team of procurement professionals engages regularly with Glanbia suppliers and supports the business in delivering a positive, two-way communication process. We look to secure value-focused, timely and effective purchases while minimising risk in key areas such as environment, ethics, quality and supply chain security.	Sustainable value chains Farmer sustainability Climate change Fair pricing Energy Waste & water	Launch of sustainability strategy. Refreshed Glanbia's global procurement policy. Commitment from suppliers to our anti-slavery and human trafficking policy. Annual review of our Anti-bribery and Corruption polices.
Shareholders We have regular dialogue with our investors enabling us to establish the issues that are most important to them. Our Chairman and our Senior Independent Director hold one-to-one investor meetings. The Executive Directors and Head of Investor Relations meet regularly (via conference call) with existing and potential investors. We also engage at conferences and at our AGM.	Stakeholder engagement Performance targets Sustainability reporting Corporate Governance Climate change UN SDGs	Attended 10 investor conferences. Our Chairman and our Senior Independent Director held one-to-one investor meetings. Resilient 2020 performance across our key markets. Launch of sustainability strategy. Redesigned Glanbia.com website with a revamped investor section.
Society Our Group-wide approach to social responsibility is to support causes aligned to our purpose, values and vision. The details of our community engagement activities are given on page 53. Despite Covid-19, the engagement continued through community liaison activities and fund raising such as the Great Pink Run which funds cancer research and took place virtually in 2020.	Community engagement Responsible nutrition Climate change Business ethics and corporate governance	€930,000 raised to support Breast Cancer Research in a highly successful virtual 'Great Pink Run', which took place virtually in 2020. GPN's Sports Nutrition School initiatives. Donated €1.5 million worth of sports and lifestyle nutrition products to help support Covid-19 first responders and frontline workers globally.

Business Model

Driven by

Our purpose

To deliver better nutrition for every step of life's journey

Our values

The customers' champion

Performance matters

Showing respect

Find a better way

Winning together

What makes our model work

Our markets

Glanbia's brands and ingredients are positioned at the centre of a large and growing market for nutrition and weight management products that support a healthy lifestyle

Our assets and resources

- Capital deployment
- Financial control
- Quality risk management
- Secure supply chain
- Sustainable operations
- Dedicated employees

Our culture

- Hard-working and adaptable
- Passion for delivering better nutrition
- Curious and innovative
- Respectful and inclusive
- Collaborative and supportive

Understanding the views of our stakeholders

Understanding key issues through effective stakeholder engagement

Read more on pages 74-75

How we add value

Our core capabilities

Brand power
Our GPN brands occupy leading positions in the sports and lifestyle nutrition markets with an unrivalled product offering and key channel and category leadership. As an ingredient supplier in the B2B arena, the Glanbia brand stands for quality, integrity, innovation and sustainability.

Portfolio management
Glanbia has a strong track record of efficient capital allocation and portfolio management. Our use of a range of structures including joint ventures supports financial discipline and strong returns on capital, critical to sustainable long-term growth both organically and by acquisition.

Operational excellence
Operational excellence is part of our DNA. It enables us to manufacture products that meet customer and consumer food safety and high-quality standards as a trusted partner to key global customers.

Science-backed innovation
Innovation is critical to our success, and that of our customers. We focus on market-led and technology-driven innovation, to move up the ingredients value chain and deliver well researched patented ingredients and branded products.

The value we create

Driven through three strategic priorities

Protect our portfolio of core brands and ingredients

Our core brands and ingredients hold market-leading positions in categories that are driven by strong underlying health and wellness trends which have been accelerated by Covid-19.

Read more on pages 22-23

Purposeful growth through innovation and acquisitions

Our innovative mindset drives our investment in our brands and ingredients capabilities. There is a considerable runway of growth across core markets and channels.

Read more on pages 22-23

Continue to embed operating enablers

The Group is supported by vital growth enablers across talent development, sustainability and risk management, all combining to set a consistent strategic direction.

Read more on pages 22-23

Committed People

Our people are rewarded through management training and development programmes aligned with our purpose, vision and values.

Employee numbers

7,632*

*includes wholly-owned Group and JV's

Consumers

OPTIMUM NUTRITION™ enjoys strong brand loyalty from its users and saw its Net Promotor Score rise by 5 points to +59.

OPTIMUM NUTRITION's Net Promotor Score (NPS)

+59

Investors

We have a progressive dividend policy with a targeted dividend payout ratio of between 25% and 35% of adjusted Earnings Per Share. We exceeded this target in 2020 with a payout ratio of 36.1%.

Dividend payout ratio

25%-35%

Communities

Glanbia is proud to have donated more than €1.5 million worth of sports and lifestyle nutrition products globally to help support first responders, frontline workers and hospitals who were leading the fight to keep people healthy throughout the Covid-19 pandemic.

Charitable donations

€1.5m

Suppliers

97% of our Idaho suppliers completed a Farm Assuring Responsible Management (FARM)Environmental Stewardship (ES) programme, a model that calculates carbon and energy footprint.

Idaho suppliers completing FARM ES

97%

Environment

In 2015 we set an ambition to reduce water use intensity by 8% by 2020. We exceeded this ambition reducing water use across all manufacturing sites by 17%.

Water usage reduction over a five year period

-17%

Key Performance Indicators

Revenue

€3.8bn (2019: €3.9bn)

+0.6% cc

Strategic relevance
Revenue growth is a key indicator of how the Group is succeeding in developing through investment in organic growth and the ongoing acquisition programme.

In addition to overall revenue for the Group there are a number of key components of Group revenue (price, volume and acquisition) which are actively monitored to provide greater insight into markets.

Performance
In 2020, revenue was €3.8 billion (2019: €3.9 billion), down 1.36% on a reported basis and up 0.6% constant currency (cc) on 2019. Like-for-like revenue growth was 1.8% driven by pricing growth of 3.8%. Sales volumes declined due to Covid-19 challenges in GPN offset by volume growth in GN.

Revenue volume growth[1]

-2.0% (2019: +0.1%)

GPN -10.9% (2019: -8.9%)
LFL branded revenue volume growth

NS +2.4% (2019: +7.0%)
LFL revenue volume growth

Strategic relevance
Revenue volume growth is an important metric for the Group as it represents the underlying growth in sales to customers excluding any impact of price. Volume is further broken down by the Business Units to understand the brand growth within GPN and the components of volume growth in Nutritional Solutions within GN.

Performance
Overall volumes decreased 2.0% in the year. The key volume growth metrics were a LFL branded volume decline in GPN of 10.9% and volume growth within the NS and US Cheese businesses of GN of 2.4% and 5.0% respectively. The decline in GPN volumes related mainly to the challenging environment brought about by the Covid-19 pandemic, particularly in Q2.

EBITA[2] (pre-exceptional)

€209.6m (2019: €276.8m)

-22.6% cc

Strategic relevance
Earnings Before Interest, Tax and Amortisation (EBITA), pre-exceptional items, is the key performance measure of the wholly-owned segments within the Group. The exclusion of amortisation aids comparability between our segments.

EBITA margin is a key metric to ensure that growth is being driven in a responsible manner by maintaining margins within an acceptable range. The strategy for the Group is to focus on higher growth, higher margin products within GPN and GN.

Performance
EBITA was €209.6 million in 2020, down 24.3% reported and down 22.6% on a constant currency basis. GN had an EBITA decline of 7.4% constant currency with EBITA margins down 80bps versus 2019. GPN's EBITA declined by 36.2% constant currency versus 2019, while EBITA margins were down 270bps. The Group started the year well, had a very challenging second quarter when the impact of the Covid-19 lockdowns was most severe and then sequentially improved through the second half of the year.

Profit after Tax

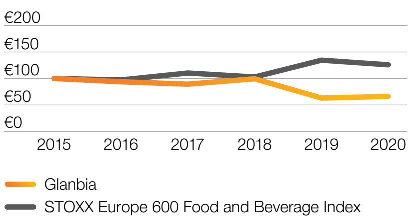
€143.8m (2019: €180.2m)

Strategic relevance
Profit after tax is the profit attributable to the equity shareholders of the Company and is a measure of the profit retained by the Group for the year, post-tax and post-exceptional items.

Performance
Profit after tax for 2020 was €143.8 million compared to €180.2 million in 2019, a decrease of €36.4 million, due to lower underlying EBITA in the year.

Total Shareholder Return[3]

+5% (2019: -36.7%)



Strategic relevance
Total Shareholder Return (TSR) reflects the value delivered to shareholders arising from the ownership of Glanbia's shares plus dividends reinvested. TSR, compared to a specific peer group or market index, is an important measure of how successful the Group has been in terms of shareholder value creation, compared with its peers over the same time period.

Performance
Glanbia's TSR was positive 5% in 2020. The STOXX Europe 600 Food and Beverage Index (F&B Index), which is a key benchmark for remuneration purposes, decreased by 6.5% in the year. Glanbia's TSR over the three-year period of 2018 to 2020 was a negative 25.9% versus the F&B index of +14.1% and over the five-year period of 2016 to 2020 was negative 33.9% versus the F&B Index of +25.8%. Glanbia's share price at the end of the financial year was €10.38 (2019: €10.16).

1 Performance condition of Glanbia's Annual Incentive Scheme.

2 Both EBITA and OCF are presented on a pre-exceptional basis.

NFM Non-financial Metric

Adjusted Earnings Per Share[1,3]

73.78c (2019: 88.1c)

-14.9% cc

Strategic relevance
Adjusted Earnings Per Share (EPS) is an important measure of the profitability of the Group as it represents the underlying profit per equity share in issue.

Performance
Adjusted EPS was 73.78 cent, down 16.3% on a reported basis, down 14.9% constant currency basis. Significant elements of our portfolio were resilient through the challenges of Covid-19, particularly GN and our JVs. Covid-19 lockdowns particularly impacted GPN, however trends improved as the year progressed.

Return on Capital Employed[3]

9.0% (2019: 10.9%)

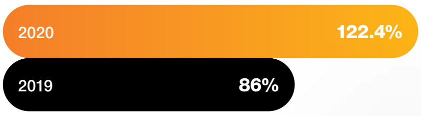
Strategic relevance
Return on Capital Employed (ROCE) measures the efficiency of the Group's organic and acquisition investment programmes as well as the utilisation of its assets.

Performance
ROCE decreased by 190 basis points to 9%. This was primarily due to lower profitability in GPN's operations which were significantly impacted by the pandemic. The Group is focused on GPN's transformation programme which will return the segment to profitable growth in 2021 and consequently improve returns.

OCF conversion[1,2]

122.4% (2019: 86%)

+3,640bps



Strategic relevance
Operating Cash Flow (OCF) measures the cash generated from operations before interest and tax payments and before strategic capital expenditure. OCF conversion is OCF as a percentage of EBITDA (earnings before interest, tax, depreciation and amortisation) and is a measure of the Group's ability to convert trading profits to cash, which is then available for strategic investments and dividend payments.

Performance
Tight liquidity management in 2020 resulted in OCF conversion of 122.4% compared to a target conversion of 80% and conversion in 2019 of 86%.

Health and safety

NFM

Objective
Maintain the highest possible global safety standards using sites with no Lost Time Case (LTC) as a key benchmark.

Strategic relevance
The health and safety of our employees is inherent in our Glanbia values and is reflected in our organisational goal of 'Zero Harm'. LTC frequency rate is an established global measure of safety performance. Glanbia aspires to zero LTC.

Performance
In 2020, 47% of reporting locations had zero LTC, improving on our 2019 performance (2019: 30%). In addition, the global Total Recordable Incident Rate (TRIR) for the Group improved nearly 15% at 2.00/200,000 hours versus 2.35 in 2019. Although we did not meet our 2020 TRIR target (1.80) we are confident that we are on track to meet our five-year targets with appropriate action plans in place.

Glanbia Risk Management System (GRMS)

NFM

Objective
Generate heightened operational risk awareness to help protect the safety of our people, the wider community and the environment.

Strategic relevance
GRMS is an auditable framework for the identification and management of operational risks across the Group. Assessment and ranking levels are based on international risk management standards. On-site assessments are conducted by an independent third party to help drive a culture of continuous improvement across our sites. Each site is awarded a score on a scale of 1 to 5.

Performance
During Covid-19 restrictions in 2020, the new online GRMS programme aided the performance of remote self assessment verifications and audits. All locations maintained or improved their individual site rating from the prior year. Management action plans to address the key improvement opportunities were developed by the independent assessor and agreed with local management. Progress against these recommendations is centrally monitored.

Employee engagement score

NFM

72%

Strategic relevance
Employee engagement is a key enabler of performance. At Glanbia we acknowledge that people who are positively engaged, motivated and supported perform to the best of their ability, find a greater sense of meaning in what they do and contribute positively to Glanbia's success.

Performance
Due to the impact of Covid-19 we did not undertake a full employee engagement survey during the year. In our pulse survey in September, 72% of employees said they are happy working with Glanbia. We will conduct a Group-wide engagement survey in H2 2021.

3 Performance condition of Glanbia's Long-Term Incentive Plan.

Operations Review
Glanbia Performance Nutrition

Delivering on our transformation programme and focused on growth initiatives

Hugh McGuire
CEO, Glanbia Performance Nutrition

Revenue

€1,138.0m

(2019: €1,363.8m)

EBITA (pre-exceptional)

€91.2m

(2019: €146.4m)

EBITA Margin

8.0%

(2019: 10.7%)

Performance
Overview

€'m	FY 2020	FY 2019	Change	Constant Currency Change
Revenue	1,138.0	1,363.8	(16.6%)	(15.0%)
EBITA	91.2	146.4	(37.7%)	(36.2%)
EBITA margin	8.0%	10.7%	(270bps)	(270bps)

Commentary on percentage movements is on a constant currency basis throughout.

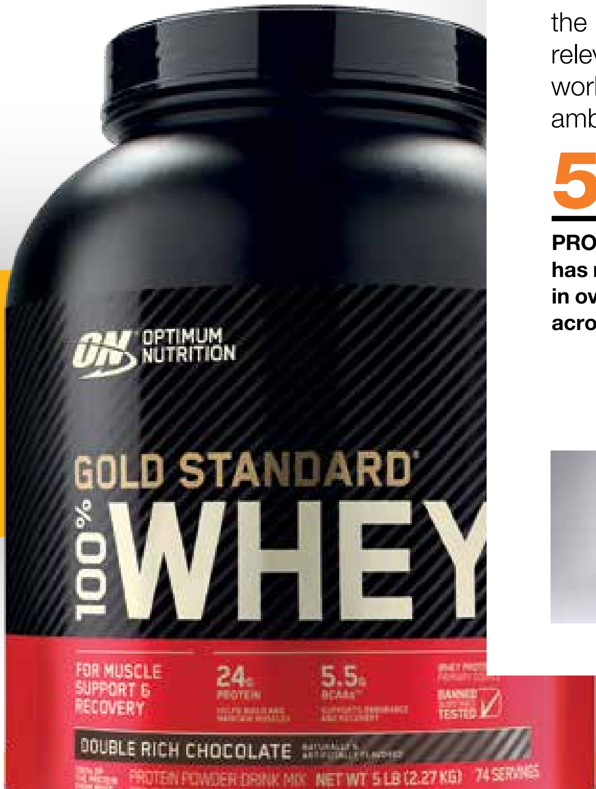
Revenue
GPN revenue declined by 15.0% in FY 2020 versus prior year on constant currency basis. Like-for-like branded sales declined by 10.8%, driven by volume declines of 10.9% offset by a price increase of 0.1%. After a good start to 2020 where in the first quarter GPN delivered 6.0% growth in like-for-like branded revenues, the Covid-19 pandemic caused significant disruption globally in the second quarter. Revenues improved sequentially in the second half of 2020 in spite of some weakness in Europe in the fourth quarter as restrictions were reintroduced. Over the full year the key areas negatively impacted by Covid-19 were International markets which were curtailed as well as the specialty and distributor channels in North America. GPN grew in eCommerce channels globally in 2020 as consumer behaviours and shopping patterns altered through the evolution of the pandemic. The FDMC channel was down year-on-year due to strong prior year comparisons and headwinds in the ready-to-eat category in the North America Lifestyle business which was impacted by consumer mobility restrictions. Price increase mainly related to strategic pricing decisions in the North America Performance Nutrition and International portfolios more than offset promotional activity in the Direct-to-Consumer (DTC) business.

EBITA

GPN pre-exceptional EBITA in FY 2020 was €91.2 million, 36.2% lower than the prior year, with a pre-exceptional EBITA margin of 8.0%, 270 basis points lower than prior year. EBITA declined as a result of revenue decline and the negative operating leverage associated with the significant decline in revenues in the second quarter in particular. EBITA margins improved significantly to 11.8% in the second half of 2020 (3.7% H1 2020) as sales volume trends improved, price increases were implemented and benefits crystallised from the execution of the GPN transformation project.

GPN transformation programme and growth strategy

GPN commenced a transformation programme in late 2019 to realign operating and supply chain structures in support of growth ambitions, sharpen focus on brands and optimise routes-to-market across non-US markets to drive greater efficiencies, improve margin and deliver top line growth with significant progress made during 2020. The project is delivering against its plans and is on target to deliver an overall GPN EBITA margin ambition by 2022 of between 12% and 13%, an increase of 400 to 500 basis points on FY 2020 margin. The project will continue through 2021 as the onset of the pandemic led to a further broadening and deepening of its scope. Within the programme key efficiency projects include: a rationalisation of SKUs from the portfolio; the exit of contract business in North America; significant realignment of routes-to-market in regions outside North America; and a consolidation of supply chain activity. Growth oriented initiatives include: the prioritisation of the OPTIMUM NUTRITION™ and SLIMFAST™ brands as category leaders within the portfolio; targeted price increases which were delivered in H2 2020; and a reorganisation of talent and teams to align resourcing to growth opportunities.



OPTIMUM NUTRITION™ and SLIMFAST™ reach consumers through integrated campaigns

OPTIMUM NUTRITION's™ PROVEN™ campaign moved into its second year and has now reached consumers in over 50 countries. In May 2020 PROVEN™ was activated to support a mission to support personal trainers who lost their jobs due to the closure of gyms. A "30's" film, coupled with a number of social and digital assets were created, as well as online experiential events that raised money for the personal trainer community. In August 2020, OPTIMUM NUTRITION™ launched 'Better Than Before', a range of content designed to encourage consumers to continue or get back into exercise as the second wave of Covid-19 lockdowns emerged. SLIMFAST™ supported its consumers efforts to manage their weight during the pandemic. In August, the 'Back To You' campaign returned across multiple channels with a call to action to download the new SLIMFAST™ Together app. The app provides weight managers with trackers, meal plans, recipes, and weight loss advice to help them stay on the plan longer and achieve their goals. In the UK, SLIMFAST™ continued to grow share within the Weight Management category enabled by a successful post lockdown media campaign across social media and TV, complementing the launch of the KETO range and the growing relevance of weight management in a Covid-19 world. The campaign is fronted by SLIMFAST™ ambassador Kelly Brook.

50

PROVEN™ Campaign has reached consumers in over 50 countries across the world.

Operations Review continued
Glanbia Performance Nutrition continued

GPN is now positioned as a market leader in the growth channels of eCommerce and FDMC. In FY 2020 GPN derived 70% of its revenues from these channels which are expected to be a key driver of future growth given the consumer shopping trends accelerated by Covid-19. GPN has leading positions within these channels via the OPTIMUM NUTRITION™ and SLIMFAST™ brands which have strong positions in their respective categories of performance nutrition and weight management. These brands delivered consumption growth in measured channels[1] in 2020 and combined represented 71% of GPN's branded revenues in FY 2020.

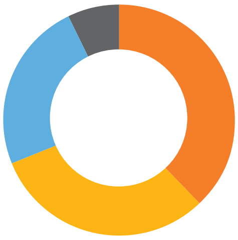
North America Performance Nutrition portfolio
In the North America Performance Nutrition portfolio branded like-for-like revenues declined by 9.0% in 2020 compared to prior year. This was driven by volume declines in the specialty and distributor channels which were heavily impacted by Covid-19 somewhat offset by price increases implemented in the second half of the year. There was good revenue growth in the period in domestic eCommerce and FDMC channels which now make up the majority of sales in this portfolio. The OPTIMUM NUTRITION™ brand has a leading position within its category in these channels and performed well in FY 2020 with consumption increasing 4% versus prior year in measured channels[1] in the period.

North America Lifestyle portfolio
In the North America Lifestyle portfolio, like-for-like revenue decreased by 5.3% in 2020 versus the prior year. This was driven by headwinds for the think!™ brand as reduced consumer mobility as a result of Covid-19 resulted in a decline in the ready-to-eat category. SLIMFAST™ was impacted by strong prior year comparisons in the second half of the year. SLIMFAST™ continued to outperform the category and delivered 4% consumption growth in measured channels[1] in FY 2020 with strong growth in eCommerce channels. think!™ outperformed the category performance in the year and AMAZING GRASS™, GPN's plant based nutrition brand, delivered consumption growth as consumers sought out products providing natural immunity.

International
In the International portfolio like-for-like revenue decreased by 21.3% in 2020 versus the prior year. International markets were severely disrupted by lockdowns as routes-to-market in many countries were essentially closed in the second quarter and restrictions were reintroduced in Europe in the fourth quarter. This resulted in significant negative operating leverage particularly in Q2. During the third quarter many International markets began to reopen and there was a corresponding recovery in sales. As part of the transformation programme, GPN has realigned its footprint internationally to focus on targeted key growth markets and further utilising eCommerce, to grow the business.

1. North America measured channels include eCommerce, FDMC (food, drug, mass, club) and specialty channels. Data compiled from published external sources and Glanbia estimates.

Revenue by Business Area



- North America Performance Nutrition 38%
- North America Lifestyle 31%
- International 24%
- DTC 7%

Direct-to-Consumer
GPN's DTC business delivered like-for-like growth of 1.9% in FY 2020 versus prior year. The DTC business delivered strong growth in the second half of 2020 offsetting declines in the first half. Following a further assessment as part of the transformation project, GPN plans to further leverage DTC globally to accelerate and augment its eCommerce channel strategy across the business.

Significant position in growth channels: Online and FDMC
For a number of years GPN has been on a transformational journey with respect to its channel orientation in particular growing brand presence in the eCommerce and FDMC channels. In 2015 GPN had less than one third of its revenues in these channels. In 2020, over 70% of GPN's business was in these channels. These are growth channels, where brand awareness, trust and loyalty are very important. GPN is well positioned within these channels, holding leadership positions and developing strong capability to further leverage our growth opportunities.

FY2015

- FDMC 10%
- Online 22%
- Distributors 32%
- Speciality 36%

FY2020

- FDMC 37%
- Online 33%
- Distributors 16%
- Speciality 14%

About GPN

We are a global performance nutrition and lifestyle brand business

Our mission

Inspiring people everywhere to achieve their performance and healthy lifestyle goals.

Our brands

The GPN family has a portfolio of leading brands in sports and lifestyle nutrition. Our mission is to inspire people everywhere to achieve their performance and healthy lifestyle goals. Our flagship brands are OPTIMUM NUTRITION™ and SLIMFAST™, which occupy leadership positions in Sports Nutrition and Weight Management respectively. The remaining brands include AMAZING GRASS™, think!™, BODY&FIT™, NUTRAMINO™, BSN™ and ISOPURE™. Our brands are sold in over 100 countries in mass retailers, specialty stores, pharmacies and online.

OPTIMUM NUTRITION | BSN | ISOPURE | BODY&FIT | NUTRAMINO | think! | Amazing Grass | SlimFast

PERFORMANCE → LIFESTYLE

Our ambition for creating and delivering sustainable growth

In 2020, GPN initiated a business-wide programme to transform how we execute and deliver value. Its aim is to significantly drive efficiencies to fuel top line growth and enhance margins. This involves hundreds of individual initiatives targeting both efficiency and demand. The effort is ongoing and will deliver increasing value throughout 2021 and 2022.

GPN Growth strategy

Sharper geographic focus

- Leverage our scale in the US to drive broader Americas growth.
- Prioritise key Rest of World markets.

Leading brands outperforming our categories

OPTIMUM NUTRITION | SlimFast

- These brands delivered 71% of GPN branded revenues in 2020.
- Increasing investment in marketing.

Omni channel capability across the organisation

- Our business has transformed its channel exposure with most of our business in growth channels.
- We have accelerated our investment in global eCommerce.

Operations Review continued
Glanbia Nutritionals

Resilient performance underpinned by strong strategy execution

Brian Phelan
CEO Glanbia Nutritionals

About Glanbia Nutritionals
Glanbia Nutritionals (GN) comprises: Nutritional Solutions (NS) and US Cheese.

Nutritional Solutions (NS)
NS is a global provider of innovative nutritional and functional solutions. Through its extensive portfolio of dairy and non-dairy ingredients and capabilities, NS provides a wide range of science-led solutions to customers across the globe.

US Cheese
GN is the number one producer of American-style cheddar cheese, supplying our natural cheese to brand owners and other leading food service organisations globally.

Market
#1
Producer of US whey protein isolate

NS Revenue
€746.8m
(2019: €744.9m)

Market
#1
Producer of American-style cheddar cheese

US Cheese Revenue
€1,938.3m
(2019: €1,767.0m)

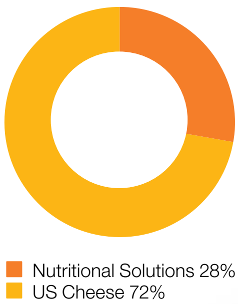
Performance
Overview

€'m	FY 2020	FY 2019	Change	Constant Currency Change
Revenue	2,685.1	2,511.9	6.9%	9.0%
EBITA	118.4	130.4	(9.2%)	(7.4%)
EBITA margin	4.4%	5.2%	(80bps)	(80bps)

Commentary on percentage movements is on a constant currency basis throughout.

GN recorded a good performance in FY 2020 with revenues up 9.0% on prior year. Like-for-like revenue was up 10.0% which was driven by volume increases of 4.2% and favourable pricing of 5.8%. Volume increase was across both Nutritional Solutions and US Cheese as the broad sectoral reach of the business resulted in robust end-market demand through the year. Favourable pricing was driven by US Cheese due to higher average market prices in the period versus prior year. Acquisitions added a further 0.9% to revenues in 2020. GN EBITA decreased in FY 2020 versus prior year by 7.4% as a result of lower EBITA margins which declined by 80 basis points. EBITA margins were impacted by dairy market dynamics.

Revenue by Division



Nutritional Solutions

€'m	FY 2020	FY 2019	Change	Constant Currency Change
Revenue	746.8	744.9	0.3%	2.0%
EBITA	90.5	100.0	(9.5%)	(7.7%)
EBITA margin	12.1%	13.4%	(130bps)	(130bps)

Nutritional Solutions (NS) revenues increased in FY 2020 by 2.0% versus prior year. Like-for-like revenue increased by 0.8% driven by a 2.4% increase in volume and a 1.6% decrease in price. Volume growth was broad based across the portfolio in essential micro-nutrients as well as dairy solutions as a result of good end-market demand. The price decrease primarily related to reduced dairy ingredient pricing year-on-year. The Watson and Foodarom acquisitions delivered a further 3.1% of revenue growth.

Demand for NS's key ingredient solutions remained robust throughout the year. The business did see a reduction in demand from customers in the ready-to-eat category as Covid-19 restrictions reduced consumer mobility however, this decline was offset by growth in other aspects of the portfolio including a strong demand for immunity enhancing consumer ready offerings.

NS pre-exceptional EBITA in FY 2020 was €90.5 million, 7.7% lower than prior year due to lower margins. Margins declined by 130 basis points versus prior year to 12.1% driven by reduced margins in dairy solutions which were impacted by negative price and some adverse business mix.

In August 2020 the Foodarom acquisition was completed by GN for an effective consideration of CAD 60 million plus contingent consideration. Foodarom is a Canadian flavours business with CAD 34 million annual revenue. It has strong flavour formulation capability and is focused on segments complementary to NS.

NS growth strategy

NS has an ambitious growth strategy leveraging its existing portfolio and market leadership in essential micro-nutrients and protein solutions. The business has seen strong demand from customers seeking solutions for products which provide immunity support as well as essential nutrition. NS will continue to make selective complementary acquisitions, which can build on existing platforms as well as expand into adjacent capabilities.

Over the past two years GN has made two strategic acquisitions, Watson and Foodarom. Watson is a US based essential micro-nutrients business and has provided NS with additional scale as well as new technologies which further build NS's offerings within vitamin and mineral premixes. Foodarom will support NS to scale into the adjacent flavours technology platform. This area is highly complementary as it is a key aspect of product formulation and provides NS with the opportunity to further deepen engagement with existing customers as well as gain new business relationships. Both acquisitions have performed well since completion.

Edible film
Sustainable technologies and capabilities

GN's continues to explore how food technologies can be leveraged to improve the efficiency and sustainability of producing, delivering and enjoying food and ingredients. One of NS's distinct capabilities is edible film technologies enabling the delivery of ingredients with strong visual cues that are edible, biodegradable and clean labelled. These attractive capabilities give NS the competitive advantage which makes it a leading player in edible films and glitter.

Currently some of the more popular applications for our edible films are in the production of glitter and flavour strips that are used in confection, cake decorating, cookie toppings or other bakery applications. NS's edible film technologies are also used in oral hygiene or breath freshening applications like mints and gum. Applications are being developed to deliver a serving of a ready-to-mix beverage in a pre-weighed and packaged sachet that can be used as a drop-in to protein shakers for ready-to-mix beverage applications.

The global edible films and coatings market is expected to experience steady growth over the next decade owing to increased demand for edible packaging as an alternative to plastic use.[1] From a sustainable materials perspective, edible films and coatings are seen as an excellent solution to minimising packaging material and wastage. Rising consumption of convenient food offerings especially in developed regions, will also boost demand, as will the growing demand for the use of edible films and coatings as additives.

1. Future market insights: edible films and coatings market

Operations Review continued
Glanbia Nutritionals continued

US Cheese

US Cheese is a leading producer of American-style cheddar cheese in the US supplying a broad range of customers, predominantly US based, who participate in the food service and retail consumer branded and private label end-markets. As well as selling its own manufactured cheese, US Cheese is also the commercial and operations partner to the MWC-Southwest Holdings joint venture which owns Southwest Cheese, a cheese and whey plant in Clovis, New Mexico, US and the new cheese, and whey plant in St. Johns, Michigan, US.

€'m	FY 2020	FY 2019	Change	Constant Currency Change
Revenue	1,938.3	1,767.0	9.7%	11.9%
EBITA	27.9	30.4	(8.2%)	(6.4.%)
EBITA margin	1.4%	1.7%	(30bps)	(30bps)

US Cheese revenue increased in FY 2020 by 11.9%, with like-for-like revenue increasing 13.8%. This was driven by a 5.0% increase in volume and an 8.8% increase in price. Volume growth reflected good demand from customers with retail end-market exposure, a category which was strong as a result of Covid-19. Pricing was volatile throughout the year and averaged at higher levels than prior year as a result of higher category demand. US Cheese operates a business model which helped to negate the majority of the impact of significant price volatility in the period.

US Cheese delivered a 6.4% decrease in pre-exceptional EBITA in FY 2020 versus prior year. This was driven by reduced EBITA margin which declined by 30 basis points as a result of higher operating costs in the second half of the year.

US Cheese
Innovative Cheese Solutions

Glanbia Nutritionals is constantly breaking new ground with cheeses that are delicious, nutritious and functional. Innovative cheeses offer solutions in an ever-evolving cheese market. In 2020 we launched a series of classic cheddar cheeses for ageing tailored to meet the flavour preferences found across the US. We also developed several blended cheese varieties including a cheddar-parmesan, cheddar-mozzarella and a cheddar-asiago. The blended cheeses provide unique functionality, flavour and convenience giving consumers preferred combinations in one finished product. We also offered consumers probiotic cheeses with viable probiotic cultures. Data generated at the Glanbia Nutritionals' Cheese Innovation Center demonstrated that cheddar cheese made with probiotic strains including Bidfidobacterium bifidum and Bifidobacterium lactis had over a million viable cells, and offer a shelf life of over six months. Best of all, the probiotics had no adverse impact on flavour.

Foodarom
Acquisition expands flavours and nutritional solutions capabilities

In August 2020, Glanbia Nutritionals acquired Foodarom, a Canadian-based custom flavour designer and manufacturer. The business services the food, beverage and nutritional product industries with turnkey flavours and formulation support. Foodarom comprises a flavour library of over 15,000 recipes and produces both liquid and powder products for various applications. The acquisition is highly complementary to GN's solutions-based customer approach and focus areas, strengthening our capability in the area of flavours and nutritional solutions. The knowledge and experience of the combined research and development teams will further strengthen our growing position in flavours, and further enhance ability to provide optimised ingredient systems to our customers.

15,000

recipes offered by Foodarom's flavour library

Nutritional Solutions growth strategy

Harnessing end-market demand with leading technologies, customer engagement and expansion

Protect and grow the core

Leading market positions
Essential micro-nutrients | Protein solutions
Deep customer relationships
Attractive end-markets

Expand beyond the core

Geographical reach
Additional technologies
Adjacent platforms e.g. flavours
Complementary acquisitions

Embed enablers

Talent development
Global innovation investment
Partnership mindset
Sustainability focused

Key trends enabling our growth

- New brand growth
- Shortening product lifecycles
- On-the-go convenience
- Clean labelling
- Population growth and urbanisation
- Increase in dairy consumption

NS's opportunities and capabilities

- Formulation capability
- Proactive innovation
- Application and format expertise
- Quality ingredients and supply chain
- Increasing international opportunity
- Capital efficient partnership model

NS is pursuing attractive end-markets which are on-trend and growing

- Bakery and confectionary
- Sports nutrition
- Beverages
- Infant nutrition
- Dairy products
- Dietary products
- Clinical nutrition

Operations Review continued
Joint Ventures

Building on our core strategic partnerships

Dairy has always been an important part of our business. With a heritage in Ireland's world-class dairy industry, we've brought this expertise to the rest of our global operations. Our joint ventures (JVs) make award-winning dairy products such as milk, butter, dairy ingredients, cheese and nutritionally rich snacks and drinks.

Equity accounted investees (Glanbia share)

€'m	FY 2020	FY 2019	Change	Constant Currency Change
Share of profit after tax (pre-exceptional)*	61.6	48.6	26.7%	28.1%

* Includes Glanbia's share of profits from the Glanbia Ireland, Glanbia Cheese UK, Glanbia Cheese EU and MWC-Southwest Holdings joint ventures.

Glanbia's principal joint ventures include Glanbia Ireland, Glanbia Cheese UK, Glanbia Cheese EU and MWC-Southwest Holdings. Glanbia uses the equity method of accounting for its joint ventures and includes its share of joint venture profit after tax in the adjusted Earnings Per Share calculation.

Glanbia's share of JVs' profit after tax pre-exceptionals, increased by €13.0 million to €61.6 million in FY 2020. This was driven by a strong performance in the MWC-Southwest Holdings JV, due to favourable dairy market dynamics which offset marginal declines in the European joint ventures.

Glanbia Ireland

The Glanbia Ireland (GI) joint venture is owned 60% by Glanbia Co-operative Society Limited and 40% by Glanbia plc. GI is the largest milk processor and grain buyer in Ireland, producing a range of value-added dairy ingredients and consumer products as well as selling farm inputs.

Despite the significant disruption caused by the Covid-19 pandemic, GI delivered a solid performance with revenue down by 2.8%, of which 2.0% was caused by volume decline and the balance due to modest price deflation over the period. Volume decline in the Agribusiness division was due to very favourable weather conditions for farmers during 2020, leading to good grass growth and a consequent reduction in demand for both feed and fertiliser. The domestic foodservice element of the Consumer business was significantly affected by lockdowns during much of 2020, but was compensated by higher retail demand to a certain extent. Pricing of ingredient dairy commodities remained robust, with a marked decline in March after the initial wave of lockdowns but swift recovery in pricing was seen over the summer months.

Milk volumes in 2020 increased by 4.9% on a like-for-like basis, leading to over 3 billion litres of milk intake for the year. Another record volume of 90.4 million litres was processed in the peak week for milk in 2020, up 4.2% on the equivalent week in 2019. Planning for Brexit

Robust Joint Venture models

Joint Venture:	Glanbia Ireland	Glanbia Cheese UK	Glanbia Cheese EU	MWC-Southwest Holdings
Key activities:	Largest Irish-based integrated agri-food and dairy nutrition business	Large-scale manufacturer and marketer of mozzarella cheese	JV established in 2018 to build a mozzarella cheese plant	US producers of American-style cheddar cheese and whey ingredients
Location:	Ireland	United Kingdom	Ireland	New Mexico, US (Southwest Cheese) and Michigan, US (MWC)

provided a further challenge as the year progressed. GI sources some 4% of its raw milk in Northern Ireland, and exports a range of dairy products, primarily cheese and butter, to Great Britain. While the EU–UK Trade and Cooperation Agreement has largely avoided the imposition of tariffs on goods moving between the two trading blocs, there is a considerable additional administrative burden. Some minor logistics difficulties were encountered since the start of 2021 but, overall, the impact of Brexit has been relatively minor to date.

As consumer behaviour evolved in 2020, GI experienced strong growth in digital platforms including fresh doorstep delivery business 'mymilkman.ie', agri and gardening input business, 'Glanbia Connect', and a new business-to-business ingredients trading platform, 'Glanbia Direct'.

Continued progress was made in expanding GI's consumer branded offerings internationally, with substantial growth in sales of UHT milk and cream into South East Asia.

The Truly Grass Fed brand, which offers a range of butter and cheese products, continues to be well received in the US marketplace with good momentum building as distribution ramps up. During the year, GI commenced construction of a new €15 million Innovation Centre in Ballyragget, Co Kilkenny, Ireland. The 2,000 square metre facility will deliver significant capabilities when it comes on stream in late 2021. In 2021, GI will deliver cheese ingredients to the new mozzarella plant developed by Glanbia Cheese EU in Portlaoise, Co Laois. Importantly it enables GI to diversify away from an over-reliance on the cheddar market and certain geographical territories such as UK.

GI has entered into a strategic partnership with Royal A-ware, a leading global cheese and dairy producer in the Netherlands, to build a new continental cheese manufacturing facility in Belview, Co. Kilkenny, Ireland. The new facility was granted planning approval by An Bord Pleanála in June 2020 but this decision is currently the subject of a judicial review.

During 2020, GI was one of a select group of Irish food companies to achieve Gold status in a sustainability ratings process run by Origin Green, part of Bord Bia (the Irish Food Board).

Glanbia Cheese EU

Glanbia Cheese EU was established in 2018 as a 50:50 joint venture between Glanbia plc and Leprino Foods Company. The new Glanbia Cheese EU joint venture plant in Portlaoise, Ireland is on track with construction largely completed at the end of 2020 and commissioning expected to be completed by the second quarter of 2021. This plant will further enhance the Group's leading position in the mozzarella cheese category.

MWC-Southwest Holdings

The new large-scale MWC-Southwest Holdings JV plant in Michigan is on track and commenced commissioning in October 2020. Commissioning is expected to be completed by the second quarter of 2021. With the support of milk supplying partners the project is progressing well and when fully operational, the facility will further consolidate the Groups leading position in the US American-style cheddar cheese and value-add whey markets. On a full year basis this plant will increase Glanbia's US Cheese production capacity by over 30%.

Case study
Avonmore's Super Milk Minis

At Avonmore we truly believe in the goodness of dairy, which is why we carefully nurture everything that nature provides so that we can bring families across Ireland the very best. Avonmore's Super Milk Minis is designed to support the nutritional needs of young kids. Formulated with extra calcium, Vitamin D and a hint of natural strawberry it is an exciting addition to the successful value-added milk range from Ireland's number one dairy brand. The pack is designed specifically for little hands and comes in a multi-pack format. In Ireland, consumers don't get enough sunshine generally and so the addition of Vitamin D to the diet is essential to the development of healthy bones.

Group Finance Director's Review

"We remain focused on delivering on our key metrics and returning the Group to its long-term trajectory of profitable growth."

Mark Garvey
Group Finance Director

Adjusted EPS

73.78 cent

(2019: 88.10 cent)
-14.9% constant currency
-16.3% reported currency

Basic EPS

48.72 cent

(2019: 61.04 cent)
-18.9% constant currency
-20.2% reported currency

EBITA (Pre-exceptional)

€209.6m

(2019: €276.8m)
-22.6% constant currency
-24.3% reported currency

ROCE

9.0%

(2019: 10.9%)
-190bps

OCF cash conversion

122.4%

(2019: 86.0%)
OCF as % of EBITDA

Dividend payout ratio

36.1%

(2019: 30.2%)
Dividend per share as a % of adjusted EPS

As outlined earlier in this Report, 2020 was a challenging year as Glanbia responded to an unprecedented and evolving global pandemic. The Group reported adjusted EPS of 73.78 cent, down 14.9% constant currency on the prior year. The Covid-19 pandemic impacted all areas of the business to differing degrees. Glanbia Performance Nutrition (GPN) experienced the most significant impact with the pandemic forcing the temporary closure of key sales channels in the second quarter of 2020. Glanbia Nutritionals (GN) and the joint ventures, were less impacted by these restrictions, and delivered good performances over the year. Despite the ongoing crisis, all businesses have shown resilience and performance has continued to recover over H2, 2020 and into 2021.

The Group's performance in 2020 was recorded over a 52 week period, whereas the prior year was a 53 week period. For the understanding of the reader, unless stated otherwise, certain commentary related to volume and pricing in this review is on a like-for-like basis, excluding the impact of the 53rd week of 2019.

GPN's total revenues of €1.1 billion reflected a decrease of 15% constant currency, comprising like-for-like volume declines of 13.4%, with the overall pricing remaining in line with the prior year. Revenue decline was driven by the impact of the pandemic, with most markets negatively impacted. The specialty, distributor and gym channels globally were significantly challenged by temporary market closures in response to government imposed lock downs. These challenges were mitigated by an acceleration of eCommerce channels globally, a channel which is now the largest and fastest growing for our GPN brands. Pricing remained in line with prior year with price increases across North America Performance Nutrition and North America Lifestyle businesses, offset by increased discounting in the Direct-to-Consumer (DTC) business. The GPN transformation programme continued at pace delivering initial long-term cost savings which partially offset negative operating leverage. Overall, as a consequence of the Covid-19 related revenue declines, GPN EBITA at €91.2 million, was down 36.2% constant currency. EBITA margins were 8%, a 270bps reduction from prior year due to negative operating leverage albeit second half EBITA margins returned to planned double-digit performance.

Revenues in GN, comprising Nutritional Solutions (NS) and US Cheese businesses, were strong in the year, up 9% constant currency to €2.7 billion, with like-for-like volumes up 4.2%, pricing up 5.8% (primarily cheese related) and acquisitions contributing 0.9%. NS like-for-like volumes were up 2.4% with good growth in dairy and premix. US Cheese also had a very good year, with like-for-like volumes up 5.0% further enhanced by favourable pricing (+8.8%) due to strong cheese markets. GN EBITA contracted 7.4% constant currency, to €118.4 million, due to margin pressures in the dairy business and some adverse business mix.

Operating cash flow (OCF) was strong at just over €334 million converting over 122% of EBITDA into OCF, against a target of 80% conversion. Free cash flow for the year was €306.5 million. In the third quarter the Group acquired Foodarom for a total consideration of CAD 60 million plus contingent consideration, and this business is performing well since acquisition. An additional €9.6 million was invested in two significant joint venture projects in MWC-Southwest Holdings and Glanbia Cheese EU, and €64.2 million was invested in capital expenditure projects.

The Group's Return on Capital Employed (ROCE) decreased by 190 basis points to 9%. This was primarily due to lower profitability in GPN which was significantly impacted by the Covid-19 pandemic. The Group is currently focused on executing a transformation programme in GPN which will return the segment to profitable growth in 2021 and consequently improve returns. Return of capital to shareholders remains a key priority of the Group and the Group are recommending a final dividend of 15.94 cent per share to bring the total 2020 dividend to 26.62 cent per share, in line with 2019. This represents a dividend payout ratio of 36.1% of adjusted Earnings Per Share (EPS) in 2020 and a total of €78.5 million returned to shareholders from 2020 earnings.

In November 2020, the Board commenced a share repurchase programme of up to €50 million which is a further opportunity to use strong cash flows of the business to allocate capital to benefit shareholders. By the end of 2020 just under €17 million had been spent on this programme resulting in 1,643,907 shares repurchased at an average price of €10.097.

2021 Outlook

The Group currently expects pandemic related restrictions to ease in key regions during the course of 2021 assuming the widespread rollout of vaccines are successful in reducing Covid-19 infection rates, however the duration and impact of the pandemic remains volatile. In FY 2021, Glanbia expects to deliver adjusted EPS growth of 6% to 12%, constant currency, driven by revenue and EBITA growth in both GPN and GN. Glanbia's focus on the GPN transformation programme will provide an opportunity to build on the achievements delivered in the second half of 2020 and drive further margin improvement in FY 2021 over FY 2020.

2020 Income Statement review

The 2020 results are for the 52 week period ended 2 January 2021 while 2019 comparatives are for the 53 week period ended 4 January 2020. Commentary on volume and pricing below excludes the impact of the 53rd week unless stated otherwise.

Revenue and EBITA

Revenue and EBITA are Key Performance Indicators (KPIs) for the Group. In particular the Group focuses on revenue volumes and EBITA margins to assess underlying performance. Details of these KPIs are as follows.

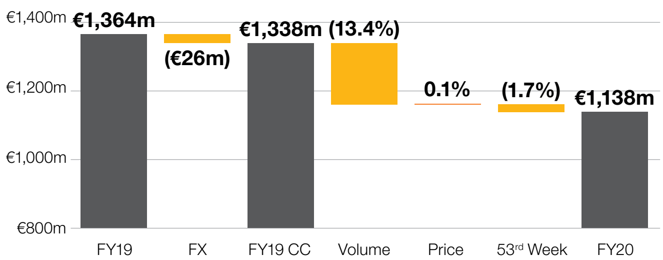
€'m	**2020**	2019	Change	Constant currency change
Revenue				
GPN	**1,138.0**	1,363.8	(16.6%)	(15.0%)
GN	**2,685.1**	2,511.9	6.9%	9.0%
Total Revenue	**3,823.1**	3,875.7	(1.4%)	0.6%
EBITA (pre-exceptional)				
GPN	**91.2**	146.4	(37.7%)	(36.2%)
GN	**118.4**	130.4	(9.2%)	(7.4%)
Total EBITA	**209.6**	276.8	(24.3%)	(22.6%)
EBITA Margin (pre-exceptional)				
GPN	**8.0%**	10.7%	(270bps)	(270bps)
GN	**4.4%**	5.2%	(80bps)	(80bps)
Total EBITA Margin	**5.5%**	7.1%	(160bps)	(160bps)

Revenue

Revenue increased in 2020 by 0.6% versus prior year on a constant currency basis to €3.8 billion, a decrease of 1.4% on a reported basis. Like-for-like wholly-owned revenue increased by 1.8%, driven by price increase of 3.8% offset by volume decline of 2%. The full year impact of the 2019 Watson acquisition, and the recent Foodarom acquisition added a further 0.6% to annual revenue. Detailed analysis of revenue is set out below.

Glanbia Performance Nutrition

GPN recorded a total revenue decline of 15% constant currency in 2020 versus prior year. Like-for-like branded revenue volumes declined by 10.9%, primarily as a result of the disruption associated with the Covid-19 pandemic in the second quarter which disrupted the specialty and distributor channels globally. Pricing was broadly in line with prior years reflecting positive year-on-year pricing across North America and International, offset by increased levels of discounting in DTC. Contract revenues in North America continued to decline as per the plan to exit this business over 2020.



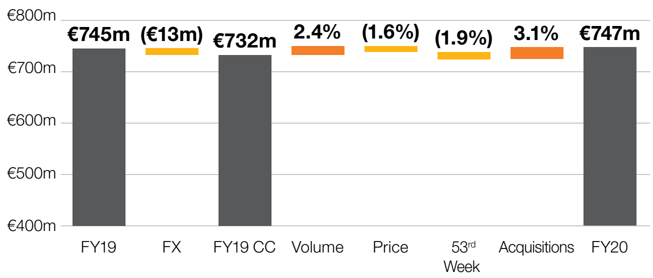
Trends improved significantly in the third quarter, as route-to-markets in International regions gradually reopened. Price trends also improved and were positive over the second half of 2020.

Group Finance Director's Review continued

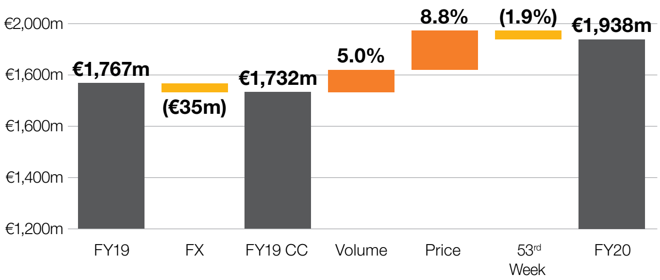
Glanbia Nutritionals

GN delivered revenue growth of 9.0% constant currency in 2020, driven by increases in organic volumes and pricing of 4.2% and 5.8% respectively, and the incremental full year impact of acquisitions contributing a further 0.9%. Volume growth was achieved across all business lines. Favourable pricing in US Cheese was somewhat offset by price declines in Nutritional Solutions due to lower dairy ingredients pricing.

Nutritional Solutions



US Cheese



EBITA (pre-exceptional)

EBITA before exceptional items declined 22.6% constant currency (down 24.3% reported) to €209.6 million (2019: €276.8 million) primarily due to reduced EBITA in GPN. EBITA margin in FY 2020 was 5.5% a decline of 160 basis points reported versus prior year (2019: 7.1%). Margin decline was driven by both GPN and GN segments.

GPN pre-exceptional EBITA decreased by 36.2% constant currency to €91.2 million (2019: €146.4 million), a decrease of 37.7% on a reported basis. GPN pre-exceptional EBITA margin at 8.0% was 270 basis points lower than prior year reported, due to lower volumes and resulting negative operating leverage arising from the impact of Covid-19 restrictions, which resulted in temporary closure of key sales channels globally during the height of the pandemic in the second quarter.

GN pre-exceptional EBITA declined 7.4% constant currency to €118.4 million (2019: €130.4 million), a decrease of 9.2% on a reported basis. GN pre-exceptional EBITA margin was 4.4%, down 80 basis points from 2019, due to the impact of product mix and unfavourable dairy margin dynamics.

Net finance costs

€'m	**2020**	2019	Change
Finance income	**4.1**	6.2	(2.1)
Finance costs	**(24.6)**	(32.5)	7.9
Net finance costs	**(20.5)**	(26.3)	5.8

Net finance costs decreased by €5.8 million to €20.5 million (2019: €26.3 million). The decrease was driven by reduced debt levels across the group and favourable interest rates. The Group's average interest rate in 2020 was 2.9% (2019: 3.4%), with the reduction on prior year being mainly due to lower US dollar interest rates. Glanbia operates a policy of fixing a significant amount of its interest exposure, with 90% of projected 2021 debt currently contracted at fixed rates.

Share of results of joint ventures

€'m	**2020**	2019	Change
Share of profits of joint ventures	**61.6**	48.6	13.0

The Group's share of joint venture (JV) profits increased by €13.0 million to €61.6 million (2019: €48.6 million) in the year. The share of results of joint ventures is stated after tax and before exceptional items. The joint ventures performed strongly, with year-on-year volume and price growth in the MWC-Southwest Holdings joint venture slightly offset by declines in the European joint ventures. Strong operational performance and favourable market dynamics in the US drove the improved performance of the MWC-Southwest Holdings JV.

Income taxes

€'m	**2020**	2019	Change
Income taxes (pre-exceptional)	**14.5**	23.4	(8.9)
Effective tax rate	**11.3%**	12.3%	(100bps)

The 2020 pre-exceptional tax charge decreased by €8.9 million to €14.5 million (2019: €23.4 million). This represents an effective tax rate, excluding joint ventures, of 11.3% (2019: 12.3%). The reduction in the pre-exceptional tax rate is driven primarily by the geographic mix of profits and a lower charge for uncertain tax risks. The tax credit related to exceptional items is €4.2 million. The Group currently expects that its effective tax rate for 2021 will be in the range of 12.0% to 13.0%.

Exceptional items

€'m	**2020**	2019
Organisation redesign costs (note 1)	**31.2**	12.7
Covid-19 costs (note 2)	**3.7**	–
Acquisition integration costs (note 3)	**3.4**	6.8
Legal settlement gain (note 4)	**(3.4)**	–
Asset impairments (note 5)	**(0.4)**	17.3
Brexit related costs (note 6)	**–**	2.3
Wholly-owned exceptional charge before tax	**34.5**	39.1
Share of results of equity accounted investees (note 2)	**1.2**	–
Exceptional tax credit	**(4.2)**	(4.5)
Exceptional charge after tax	**31.5**	34.6

During 2020 there were cash outflows of €23.5 million and €6.0 million in respect of exceptional charges recognised in FY 2020 and FY 2019 respectively. During 2019 there were cash outflows of €12.0 million in respect of exceptional charges incurred in FY2019.

Details of the exceptional items are as follows:

1. **Organisation redesign costs** primarily relates to a fundamental reorganisation of the GPN segment which commenced in 2019. This global transformation programme aims to realign operating and supply chain structures in support of growth ambitions, sharpen focus on brands and optimise routes-to-market across non-US markets to drive greater efficiencies, improve margin and deliver top line growth. Costs incurred to date includes people and property related costs, professional consulting fees and costs associated with terminating and exiting certain contractual arrangements. Given the scale of this project, further costs are anticipated into 2021 with full completion of the project anticipated by early 2022.
2. **Covid-19 costs** relate to the costs of dealing with the pandemic in the first half of the year by the Group and its joint ventures, and include the costs of implementing measures to protect people, incremental payments to front line workers during the height of the pandemic and other incidental labour related costs directly associated with the onset of this global pandemic.
3. **Acquisition integration costs** comprise costs relating to the integration and restructuring of acquired businesses and the transaction costs incurred in completing the current year acquisition. The charge primarily comprises professional fees and related costs crystallised on post-acquisition integration.
4. **Legal settlement gain** relates to net compensation received following the successful conclusion of a legacy case.
5. Prior year **asset impairments** relate to the write down of inventory, development assets and fixed assets to their net realisable value. These impairments primarily related to the rationalisation and simplification of certain product lines and related assets in the GPN business. The credit in 2020 relates to the release of a provision not required on the disposal of certain inventory items. No similar costs were incurred in 2020.
6. Prior year **Brexit related costs** were incurred in preparing the organisation for the departure of the United Kingdom from the European Union. Costs incurred include professional fees and increased storage and production costs as the Group sought to mitigate the potential risks related to Brexit during 2019. No further significant costs were incurred during 2020.

Profit after tax

€'m	2020	2019	Change
Profit after tax	**143.8**	180.2	(36.4)

Profit after tax for the year was €143.8 million compared to €180.2 million in 2019, comprising pre-exceptional profit after tax of €175.3 million down €39.5 million on prior year and exceptional charges of €31.5 million (2019: €34.6 million). The €39.5 million decline in pre-exceptional profit after tax is driven by the reduced profitability of wholly-owned businesses net of increased profitability of joint ventures and associates.

Earnings per share

€'cent	2020	2019	Reported change	Constant currency change
Basic EPS	**48.72**	61.04	(20.2%)	(18.9%)
Adjusted EPS	**73.78**	88.10	(16.3%)	(14.9%)

Basic EPS decreased by 20.2% reported versus prior year, driven by a year-on-year reduction in pre-exceptional profitability.

Adjusted EPS is a Key Performance Indicator (KPI) of the Group and a key metric guided to the market. During 2020 adjusted EPS guidance was withdrawn as a result of uncertainties caused by the Covid-19 pandemic. Adjusted EPS declined by 14.9% constant currency (16.3% reported) in the year, driven primarily by the reduction in profitability of the GPN segment, offset by increased share of profits of joint ventures, lower interest costs, and income taxes.

Cash flow

€'m	2020	2019
EBITDA pre-exceptional	**273.5**	324.9
Movement in working capital (pre-exceptional)	**77.8**	(24.9)
Business-sustaining capital expenditure	**(16.5)**	(20.1)
Operating cash flow	**334.8**	279.9
Net interest and tax paid	**(43.0)**	(74.1)
Dividends from equity accounted investees	**36.6**	35.3
Payment of lease liabilities	**(19.2)**	–
Other (outflows)	**(2.7)**	(9.6)
Free cash flow	**306.5**	231.5
Strategic capital expenditure	**(47.7)**	(56.2)
Dividends paid to Company shareholders	**(78.6)**	(74.3)
Share buyback (Purchase of own shares)	**(16.6)**	–
Payment for acquisition of subsidiaries, net of cash and cash equivalents acquired	**(21.9)**	(58.3)
Proceeds from sale of property, plant and equipment	**–**	0.2
Exceptional costs paid	**(29.5)**	(12.0)
Loans/investment in equity accounted investees	**(9.6)**	(47.4)
Net cash flow	**102.6**	(16.5)
Exchange translation	**30.0**	(10.5)
Debt acquired on acquisition	**(12.2)**	(10.6)
Net debt movement	**120.4**	(37.6)
Opening net debt	**(614.3)**	(576.7)
Closing net debt	**(493.9)**	(614.3)

For more information on operating cash flow and free cash flow see glossary pages 218-220.

The principal cash flow KPIs of the Group and Business Units are Operating Cash Flow (OCF) and Free Cash Flow (FCF). OCF represents EBITDA of the wholly-owned businesses net of business-sustaining capital expenditure and working capital movements, excluding exceptional cash flows. FCF is calculated as the cash flow in the year before the following items: strategic capital expenditure, equity dividends paid, expenditure on share buyback, acquisition spend, proceeds received on disposal, exceptional costs paid, loans/equity invested in joint ventures, and foreign exchange movements. These metrics are used to monitor the cash conversion performance of the Group and Business Units and identify available cash for strategic investment. OCF conversion, which is OCF as a percentage of EBITDA is a key element of Executive Directors and senior management remuneration.

OCF was €334.8 million in the year (2019: €279.9 million) and represents a strong cash conversion on EBITDA of 122.4% (2019: 86%). The OCF conversion target for the year was 80%. The increase in OCF versus prior year was due primarily to favourable working capital inflows and a reduction in operating lease charges that are now presented differently under IFRS 16 and included after OCF.

The Group continues to actively manage its working capital. During the year, the Group had strong management of inventory and receivables, and continued on a programme to increase payables terms with significant vendors in response to similar increased receivables terms that have been agreed with certain customers.

Group Finance Director's Review continued

FCF was €306.5 million versus €231.5 million in 2019, with the improvement primarily due to higher OCF, lower interest payments and lower net tax payments. Lease payments (previously accounted for in EBITDA) had no cash impact compared to prior periods but are now shown separately following the adoption of IFRS 16.

Acquisition spend relates to the cost of Foodarom which was acquired in August 2020. Loans to/equity in joint ventures includes the continuation of the investments in Glanbia Cheese EU, the mozzarella cheese joint venture in Portlaoise, Co. Laois, Ireland and in MWC-Southwest Holdings, the joint venture cheese and whey plant in Michigan, US.

Share buyback cash flows relate to a share repurchase programme of up to €50 million launched in November 2020. This programme provides an opportunity to allocate capital to the benefit of shareholders and continued in 2021.

Group Financing

	2020	2019
Net debt (€'m)	**493.9**	614.3
Net debt: adjusted EBITDA	**1.70 times**	1.71 times
Adjusted EBIT: net finance cost	**10.0 times**	9.3 times

The Group's financial position continues to be strong. Net debt at the end of 2020 was €493.9 million. This is a decrease of €120.4 million from the prior year end net debt of €614.3 million. At year-end 2020, Glanbia had committed debt facilities of €1.23 billion with a weighted average maturity of 4.4 years. Glanbia's ability to generate cash as outlined above and its available debt facilities ensures the Group has considerable capacity to finance future investments. Net debt to adjusted EBITDA was 1.70 times and interest cover was 10.0 times, both metrics remaining well within financing covenants.

During the year, the Group extended the maturity date of committed debt facilities by arranging US$375 million of new facilities, maturing between March 2028 and December 2031, and replaced existing indebtedness with US$180 million of facilities, maturing in January 2024 (total of US$555 million). The facilities were used to repay US$351 million of shorter maturing indebtedness in December 2020 and will additionally be used to repay US$156 million indebtedness maturing in June 2021. Accordingly, of €1.23 billion committed debt facilities at 2020 year-end, the Group had €1.1 billion facilities with a weighted average maturity of 4.8 years and an earliest maturity date of January 2024 (2019: €1.2 billion committed debt facilities with a weighted average maturity of 2.8 years).

Use of capital

Capital expenditure

The cash outflow relating to capital expenditure for the year amounted to €64.2 million (2019: €76.3 million) which includes €16.5 million of business-sustaining capital expenditure and €47.7 million of strategic capital expenditure. Key strategic projects completed in 2020 included investments in DTC eCommerce infrastructure as well as extending solutions capabilities in GN.

Investments in joint ventures

During 2020, the Group continued its investment in the new joint ventures which commenced in 2018. In 2020 a total of US$7.5 million (2019: US$35 million), was invested in the new cheese and whey manufacturing facility in Michigan, US which is part of the MWC-Southwest Holdings JV. This brings the total Group investment in the new plant in Michigan to US$82.5 million. Construction is now complete and the plant commenced commissioning in October 2020 with full commissioning expected to be complete by Q2, 2021.

During 2020 the Group also invested a further €3.0 million in Glanbia Cheese EU, the joint venture mozzarella cheese plant in Portlaoise, Ireland, bringing the total invested to €28.0 million with a further €4.1 million committed. The remaining funding for this project will come from the other joint venture partners, government grants and dedicated joint venture banking facilities, which are non-recourse to Glanbia plc. Construction was largely completed at the end of 2020 and the plant will be fully commissioned by Q2, 2021.

Return on Capital Employed

	2020	2019	Change
Return on Capital Employed	**9.0%**	10.9%	(190bps)

Return on Capital Employed (ROCE) decreased in 2020 by 190 basis points to 9.0%. This was primarily due to lower profitability in GPN which was significantly impacted by the Covid-19 pandemic. The Group is currently focused on executing a transformation programme in GPN which will return the segment to profitable growth in 2021 and consequently improve returns. Acquisitions remain a key part of the growth strategy of the Group with investments assessed against a target benchmark of 12% return after tax by the end of year three.

Annual impairment testing

The Group monitors the performance of acquisitions on an ongoing basis and completes annual impairment reviews in respect of goodwill and intangible assets. No impairments were identified from the 2020 review, however sensitivity analysis on the 'think!™' lifestyle brand continues to show that a reasonably possible change in one of the sensitivity assumptions could result in an impairment charge. The think!™ (formerly thinkThin) brand was launched in 2019, leading to growth in market share and improving consumption trends throughout 2020. Additionally, price increases were successfully introduced in 2020, which will further improve profitability from 2021.

For the purposes of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows and these Cash Generating Units (CGUs) are kept under review to ensure that they reflect any changes to the interdependencies of cash flows within the Group. CGUs remained under review during 2020 and we expect to complete the ongoing organisation redesign within GPN and GN in 2021, which may result in further changes to the number of CGUs reported.

Dividends

The Board is recommending a final dividend of 15.94 cent per share which brings the total dividend for the year to 26.62 cent per share, in line with the prior year. This total dividend represents a return of over €78 million to shareholders from 2020 earnings and a payout ratio of 36.1% of 2020 adjusted Earnings Per Share which is marginally ahead of the Board's target dividend payout ratio of 25% to 35%. The Board has decided to maintain the dividend in line with prior year as a result of the strong cash performance during 2020, the reduction in net debt during the year and the resultant strong financial position of the Group. The final dividend will be paid on 7 May 2021 to shareholders on the share register on 26 March 2021.

Total Shareholder Returns

Total Shareholder Return (TSR) for 2020 was positive 5.0%. The STOXX Europe 600 Food & Beverage Index (F&B Index) a key benchmark for the Group, decreased by 6.5% in 2020. The three-year period 2018 to 2020 Glanbia TSR was negative 25.9% versus the F&B Index of +14.1%. The five-year Glanbia TSR to 2020 was negative 33.9% versus the F&B Index of +25.8%. Glanbia's share price at the end of the financial year was €10.38 compared to €10.16 at the 2019 year end, a 2.2% increase.

Impact of new accounting standards

While new accounting standards and improvements are issued annually, one material new accounting standard was adopted during 2020. The impact of this standard is set out below:

IFRS 16 'Leases'

IFRS 16 'Leases' came into effect for the Group on 5 January 2020. Under this new accounting standard, the fair value of all qualifying operating leases, representing the present value of the lease payments over the life of the lease, are recognised as lease liabilities with corresponding right-of-use assets. The new standard results in the removal of rental charges of qualifying leases from the Income Statement and replacement with a depreciation charge in respect of the right-of-use assets and an interest charge relating to the lease liabilities.

The Group adopted the modified retrospective approach to transition permitted by the standard in which the cumulative effect of initially applying the standard is recognised in opening retained earnings at 5 January 2020. Under this approach, the comparatives for the 2019 reporting period are not restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 5 January 2020.

On 5 January 2020, the Group recognised right-of-use assets and lease liabilities of €106.4 million and €129.6 million respectively. Changes brought about by this new accounting standard do not have a material impact on the financial KPIs or adjusted EPS in the period. Adjusted earnings used to calculate EPS decreased by €0.4 million as a result of the adoption of IFRS 16.

Pension

The Group's net pension liability under IAS 19 (revised) 'Employee Benefits', before deferred tax, decreased by €17.0 million to €29.3 million in 2020 (2019: €46.3 million). The defined benefit pension liability is calculated by discounting the estimated future cash outflows using appropriate corporate bond rates. During 2020, returns on assets were greater than expected, as a result of a conservative investment strategy previously adopted, which more than offset modest increases in liabilities during this period of global uncertainty.

Foreign exchange

Glanbia generates over 90% of its earnings in US dollar currency and has significant assets and liabilities denominated in US dollars. As a result, and as Glanbia's reporting currency is euro, there can be a significant impact to reported numbers arising from currency movements year-on-year and on translation of US dollar non-monetary assets and liabilities in the preparation of the Consolidated Financial Statements. Commentary has been provided within the income statement on a constant currency basis to provide a better reflection of the underlying operating results in the year, as this removes the translational currency impact. To arrive at the constant currency change, the average foreign exchange rate for the current period is applied to the relevant reported result from the same period in the prior year. At the balance sheet date, due to the weakening of the US dollar compared to prior year, there was a currency translation loss arising primarily on the translation of US assets and liabilities into euro which is presented within other comprehensive income and amounted to €146.9 million in the year.

The amount included a loss of €10.9 million on the retranslation of non-euro denominated cash and cash equivalents as presented in the cash flow statement. Average and year-end US dollar to euro rates were as follows:

	Average		Year-end	
	2020	2019	**2020**	2019
1 Euro converted to US dollar	**1.1423**	1.1196	1.2271	1.1147

Investor relations

Glanbia has a proactive approach to shareholder engagement. The Annual General Meeting is the key event in the year. Due to the Covid-19 pandemic, the 2020 AGM was held as a closed meeting. Shareholders were provided with an opportunity to submit questions in advance of the meeting and were invited to follow the proceedings of the AGM by listening via a teleconference. All details relating to the AGM were published on the Company's website: www.glanbia.com/agm.

At the AGM, independent shareholders approved resolutions 12 and 13 where 56% and 70% of Independent shareholders voted in favour respectively for the Company having the authority to execute a share buyback at its discretion. In light of the voting outcome, Glanbia held an engagement with shareholders to better understand shareholder reasons behind the vote. The consultation was completed over May and June 2020 and whilst the majority of Independent shareholders supported Resolutions 12 and 13 as a useful tool for capital allocation a significant minority preferred the Company not engage in a buyback due to shareholder concentration concerns and prudent capital preservation. In light of this, the Board delayed launching a share buyback until 9 November 2020 when the company was successfully navigating the crisis and was in a strong financial position due to its cash flow. This engagement covered a shareholder base holding approximately 70% of the Company's equity.

In 2020, Glanbia virtually attended 10 international equities investor conferences which were organised by a variety of independent organisations. In addition to full year and half year results, Glanbia publishes interim management statements after the first and third quarters to provide investors with a regular update on performance and expectations throughout the year. All releases, reports and presentations are made available immediately on publication on the Group's investor relation website.

Following his appointment, the Group Chairman consulted directly with shareholders in November and December 2020 to get their perspectives on the Company. This feedback was shared with and discussed by the Board at the December meeting.

Annual General Meeting (AGM)

Subject to the prevailing public health and government advice, Glanbia plc's AGM will be held on Thursday, 6 May 2021 at 11 a.m., in the Lyrath Estate Hotel, Lyrath, Kilkenny, Ireland.

Mark Garvey
Group Finance Director

Pure Food + Pure Planet
2030 Sustainability Strategy

Achieving a sustainable future

Glanbia's continued long-term success depends on the people and planet around us. As a global nutrition Group, the scale and breadth of our activities mean that we naturally interact with the environment. This symbiotic relationship provides us with a unique opportunity to make an impact on sustainability beyond our four walls, working with our supply chain.

As the world takes action, we are confident that food production has an opportunity to be part of the solution in reducing greenhouse gas emissions. Dairy is a significant producer of greenhouse gases, however it is also a critical part of the world's food supply chain. We are acutely aware of Glanbia's role as a substantial dairy processor, both in reducing the carbon footprint of our operations and supporting our suppliers to reduce carbon in the supply chain.

In 2020, we developed our long-term sustainability strategy, 'Pure Food + Pure Planet', which sets specific targets to 2030 and aims to achieve net zero carbon emissions no later than 2050.

Building on the progress we have made over the past five years, our refreshed long-term strategy aims to accelerate our ambition to put sustainable growth at the heart of our business model and embed sustainability principles in all areas of our business.

Developing a new long-term sustainability strategy

Glanbia's Group Operating Executive established a Group-wide project team to advance target setting on our most material environmental pillars: **carbon**, **water** and **waste**.

In each area, we worked with an internal community of experts across the three pillars. Leveraging external subject matter expertise including Carbon Trust, EM3, Authenticity and Harbor Environmental, we developed an ambitious sustainability strategy supplemented by a deep dive analysis of our current and future state data needs. Our new strategy, 'Pure Food + Pure Planet', outlines Group-wide goals, which are aligned to the United Nations Sustainable Development Goals (SDGs) across our three priority areas.

Achieving our goals

We recognise that we can only meet our long-term strategic goals and the expectations of our stakeholders if we operate in a sustainable manner. We are committed to complying with the requirements of the EU Non-Financial Reporting Directive as outlined on page 51 and to align with developing best practice in sustainability frameworks. This led us to focus on issues that are material at a Group level. We emphasise on page 27 and 74-75 how important it is that we address issues that matter to our stakeholders and strengthen our business, deepening our connections with consumers, customers, suppliers, investors and communities. We will continue to evolve our business model and practices in line with societal expectations and best practice in sustainability.

By showing leadership and by working with others, we aim to contribute to the delivery of the UN Sustainable Development Goals (SDGs) in the critical decade of action leading up to 2030, while giving our business a platform for sustained quality growth. At Glanbia, we're focusing on the goals that are most relevant to our business, working on meeting them in the best way we can, and measuring our progress. Glanbia has adopted goals 2, 3, 12 and 13 as the most relevant areas where we can meaningfully contribute.

Goal 2 – Zero hunger
Goal 3 – Good health and wellbeing
Goal 12 – Responsible production and consumption
Goal 13 – Climate action

Carbon

The cornerstone of Glanbia's new strategy is an ambitious commitment to decarbonise our operations and our supply chain. Meeting our carbon targets is the most material and urgent component of our overall strategy. Critically, the commitment is underpinned by the scientific analysis to ensure Glanbia meets the levels of decarbonisation called for in the Paris Agreement. Throughout the project we analysed the details of our footprint, examined technologies that can deliver the required levels of decarbonisation, and provided a roadmap of activity to deliver the ambition. As leaders in dairy sustainability, we are committed to working towards a net zero or negative carbon footprint for our business and our supply chain. In achieving our commitment to a sustainable future, we will:

- Sign up to the Science Based Target initiative (SBTi) in 2021
- Commit to reduce carbon emissions by 30% in our manufacturing sites* by 2030 (scope 1 and 2).
- Commit to reduce carbon emission intensity in our dairy supply chain* by 25% by 2030 (scope 3)

30%

reduction in our carbon emissions by 2030.

25%

reduction in our carbon intensity in our dairy supply by 2030.

In order to achieve our scope 1 and 2 target reduction, we will prioritise renewable energy procurement and an energy efficiency focus, informed by energy audits and centre of excellence approach.

To achieve our on-farm carbon targets (Scope 3), we will partner with our suppliers and invest in on-farm advisory support and communications, as well as reporting tools. We will leverage our external partners including the Dairy Stewardship Commitment, US Dairy Net Zero initiative and the Dairy Farmers of America, Inc.'s (DFA's) commitment to achieve dairy supply chain carbon reduction of 30% by 2030. We recognise that the roadmap to decarbonisation will require significant shifts in government policy, technological advancements and partnerships but we are confident in the robustness of our efforts and the strength of our partnerships that are committed to the global imperative.

* Glanbia examined the GHG Protocol and selected the GHG emission boundary of operational control. This will cover the Group's wholly-owned operations as well as the MWC-Southwest Holdings JV operations where Glanbia plc has full authority to introduce and implement Glanbia operating policies in accordance with the GHG protocol. Our joint venture partner Glanbia Ireland will shortly outline its own sustainability strategy, one that is founded in the same comprehensive analysis and aligned on the ultimate objective.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Waste & packaging

Managing waste sits at the heart of sustainability efficiency, whether by diverting waste from landfill or by reducing food waste in our operations, we have an opportunity to amplify our efforts to reduce, reuse and recycle. As part of the strategy we commit to zero waste to landfill at all our operational sites by 2025 as well as a 50% reduction in food waste by 2030. A comprehensive programme to measure all use of packaging across the Group will be completed in 2021, allowing Glanbia to set clear targets and to transition to more sustainable packaging where possible.

Water intensity reduction

We will conduct water risk assessments across all our operating sites and then perform water audits at our highest risk sites. The audits will inform corrective actions that will be tracked. Over the term of the previous strategy we made considerable progress in reducing our water intensity. The project team analysed the breadth of water accounting and in 2021 we will re-examine all the components of water accounting, including the significant benefit of returned water, before setting the next phase of targets.

Environment

Committed to continually improving our environmental performance

Measuring our progress from 2015 to 2020

Our ambition to date was supported by a comprehensive set of targets and objectives that helped us drive, measure, and report transparently on our progress. In 2015 we launched our first Group-wide sustainability programme. The focus was primarily within our four walls augmented by a robust sustainable dairy procurement focus in the US and Ireland. In the intervening period we reported on key milestones as we have built the governance of our environmental programme through the Corporate Responsibility Council (CRC), implemented a Group-wide environmental management system (Intelex), and evolved the focus areas and strategic support pillars. To that end our partnership with the Carbon Trust has stretched our ambition from initial benchmarking work to cornerstone strategic work on carbon footprinting, value chain mapping and assessing science-based targets. In 2015, we set a range of environmental and social targets for 2020 and we achieved them.

Results

When we set our strategy in 2015 we were pragmatic in phasing the programme and setting clear measurable targets. Ultimately, our 2015-2020 programme has delivered on the objective of reducing our environmental impact on energy, water and waste. Over the course of the programme we reported annually on progress against 2020 targets. As we close out the initial strategy we are pleased to confirm we successfully achieved our environmental goals.

Renewable electricity use

56.86% 2020	**54.8%** 2019
51.23% 2018	**51.62%** 2017

Water

Water:

-17%

In 2015 we set an ambition to reduce water use intensity by 8% by 2020. We exceeded this ambition with water use intensity across all manufacturing sites reduced by 17%.

Carbon

Carbon:

-8%

Since 2018 we have reduced our scope 1 and scope 2 carbon footprint by 8% for our operational control boundary*. This has been achieved with a particular focus on scope 2 emission reduction (10%) through renewable electricity procurement.

Waste

Waste to landfill:

Zero

In 2015 we targeted zero waste to landfill at manufacturing sites. Our Glanbia Performance Nutrition manufacturing sites achieved zero waste to landfill ahead of target in 2018. In our new strategy we aim to achieve zero waste to landfill at all manufacturing sites by 2025.

* Glanbia examined the GHG Protocol and selected the GHG emission boundary of operational control. This will cover the Group's wholly-owned operations as well as the MWC-Southwest Holdings JV operations where Glanbia plc has full authority to introduce and implement Glanbia operating policies in accordance with the GHG protocol. Our joint venture partner Glanbia Ireland will shortly outline its own sustainability strategy, one that is founded in the same comprehensive analysis and aligned on the ultimate objective.

Reduce, Recycle, Reuse

Amino Energy

Glanbia Performance Nutrition actively tries to 'Reduce, Recycle and Reuse' packaging materials across its supply chain. Recent completed projects include the transition of eight million Amino Energy cans to 100% recyclable, consolidation and size reduction of powder scoops to lower the amount of plastic used and the introduction of biopolymer tubs – sugar cane resin, carbon neutral – for the OPTIMUM NUTRITION™ packaging in the EU.

Carbon footprint

In 2018, working with Carbon Trust and Harbor Environmental we completed our first Group-wide carbon footprint. Over the past 2 years we have continued to develop our Environmental Management System (Intelex) analytics of the footprint. In 2020 our total Scope 1 and 2 carbon footprint for our manufacturing sites was 420,355t CO_2e. This represents an 3% decrease on the total footprint from a 2018 baseline, while our wholly-owned operations have reduced by 16%. The work on measurement to date has built the foundation upon which we can set ambitious carbon reduction targets to 2030.

CO_2 emissions by scope (tonnes)

- Scope 1 285,576 (68%)
- Scope 2 134,779 (32%)

CO_2 emissions by Business Unit (tonnes)

- GN 112,057
- GPN 9,178
- GI 170,244
- GCL 33,487
- SWC 103,323

Carbon Disclosure Project (CDP)

An important element of assessing our programme, and providing transparency to our stakeholders, is the Carbon Disclosure Project (CDP). Now in our 4th year of Group-wide CDP return, in 2020 we made our submission available to investor signatories as well as customers who directly request our submission. In addition to meeting the needs of our stakeholders, the platform provides us with insights on our programme, particularly risks and opportunities.

In 2020 our CDP scores were consistent with 2019 noting that the strategy work had not reached its conclusion. However, we have leveraged CDP insights in our new strategy.

For example, by committing to science-based targets and building out energy efficiency reviews and energy audits, revisiting water baseline data, conducting water risk assessments and water site audits we are using the CDP insights to elevate our ambition and we expect our future scores to reflect this effort.

Climate Change	Glanbia	Sector Average
2020	D	B-
2019	D	C
2018	C	D

Water security	Glanbia	Sector Average
2020	B-	B
2019	B-	B
2018	B-	C

Supplier engagement	Glanbia	Sector Average
2020	C	B-
2019	B-	C
2018	B-	C

Non-Financial reporting statement

Glanbia aims to comply with the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017. The table below is designed to help stakeholders navigate to the relevant sections in this Annual Report to understand the Group's approach to these non-financial risks. Many of our policies can be viewed on www.glanbia.com.

Reporting Requirement	Policies and standards which govern our approach	Risk management and additional information
Environmental matters	• Environmental sustainability • Supply chain and responsible sourcing and on-farm sustainability	• Our new 2030 sustainability strategy – pages 48 and 49 • Site compliance risk and environmental, health and safety regulation risk management – pages 25, 60 • Corporate responsibility council – page 50 • Supply chain – page 52
Employee matters	• Culture and engagement • Group code of conduct • Whistleblowing policy • Diversity and Inclusion	• Employee engagement survey page 25 • Group Code of Conduct – page 62 • UK Corporate Governance code – page 64 • Diversity and Inclusion – page 26
Social Matters	• Education initiatives • Community support	• GPN Sports Nutrition School page 53 • Community and charity support – page 53
Human Rights	• Anti-slavery and human trafficking statement	• See page 52 and our policies can be viewed on https://www.glanbia.com/investors/corporate-governance/our-policies
Anti-bribery and corruption	• Group code of conduct and Anti-bribery and corruption policy	• See page 53 and our policies can be viewed on https://www.glanbia.com/investors/corporate-governance/our-policies
Description of principal risks and impact of business activity		• Principal risks – pages 58 to 61 • Potential impact of Coronavirus – page 21
Description of the business model		• Business Model – pages 28 and 29
Non-Financial KPIs		• Key Performance Indicators – pages 30 and 31

Supply Chain

A transparent, responsible and sustainable supply chain

Procurement

In 2020, a new Global Procurement policy was launched across the organisation setting out the principles that guide the required behaviours in the procurement process to ensure value-focused, timely and effective purchasing in the execution of Glanbia's business.

Glanbia's procurement teams work closely with key stakeholders to manage activities in the areas of supplier selection, contract negotiation and supplier performance. Under the policy, procurement teams are required to apply responsible sourcing criteria to our selection decisions and requires all suppliers to be compliant with laws, regulations and social customs for the countries they operate in and to comply fully with all human rights, labour, food safety, environment and health and safety regulations.

In accordance with Glanbia's commitment to zero tolerance of slavery and human trafficking, our procurement teams use the Global Slavery Index to identify high risk supply regions and ensure all Glanbia suppliers from those regions are Sedex registered and approved. Complementary policies include our Environmental Health and Safety policy; Human Rights policy; Food Safety and Quality Policy and Slavery and Trafficking Statement.

Sustainable dairy supply

Glanbia continues to drive best practice in our dairy supply chain. Our partnerships with organisations including the Innovation Center for US Dairy, National Milk Producers Federation and Bord Bia (Irish Food Board) is critical, providing our farmers with the tools to assess their performance and the technical support to deliver continuous improvement. We continue to support the US Farmers Assuring Responsible Management (FARM) programme which focuses on animal welfare and environmental stewardship. We set a target of full enrolment of our Idaho directly procured farms in FARM Environmental Stewardship (ES). We are happy to report 97% of our Idaho suppliers are enrolled in or have completed a FARM environmental assessment thus far.

During the year, Glanbia Ireland was among the first companies to achieve Gold status as part of Origin Green, Ireland's national sustainability programme. All of Glanbia's Irish dairy suppliers are accredited to Origin Green. The programme involves audits as part of the Sustainable Dairy Assurance Scheme.

Food safety and quality

Glanbia remains a leader in food safety across the variety of products, processes and brands we proudly produce. The Global Quality Leadership Team (QLT) now in its sixth full year remains the centre of excellence and network where Global standards and policies are created and vetted. The Glanbia Quality System (GQS) – our food safety code of practice – has continued to evolve new policies and standards to address areas relevant to our businesses. In 2021 we will continue to develop standards and practices focused on the important area of infant nutrition safety, serving our customers who supply nourishment to one of the most sensitive category of consumers. As part of our GQS, we completed almost 300 audits within 12 core policy areas in 2020.

We verified that performance standards were met in 90% of these GQS internal audits, and have clearly defined actionable plans for areas where performance was rated less than satisfactory. In addition, the Group-wide policy for sustaining a globally recognised Quality and Food Safety certification (e.g. GFSI) at all our manufacturing sites was verified at 100% compliance.

We also continued the 'Investigative Excellence' initiative to drive a culture of learning and prevention. This policy requires the global logging of all potentially significant quality incidences, and requires a completed Root Cause Analysis (RCA) of acceptable quality, and a post case review. In 2020 we achieved a 100% success rate on this programme. In addition we held a Glanbia-wide Investigation Excellence forum to showcase our work in this area across the Glanbia teams. The impact of Covid-19 on Quality programmes in Glanbia meant adapting to remote practices for audits and inspections inclusive of our extended supply chain (contract manufacturers, suppliers). This adaptation was successful and led to a more focused approach to how we conduct quality operations, testing and risk reviews to ensure continued safety of our raw materials and products.

Ethical business behaviours

Glanbia's Anti-Bribery and Corruption policy is published on our Group website and describes our zero tolerance approach to bribery or any other form of corrupt practice. This policy, along with our Group Code of Conduct, our Whistle blowing policy and our Procurement policy supports Glanbia's efforts to ensure that our business is conducted in a manner that does not involve corrupt practices. Where employees have concerns about business conduct, the Group provides clear guidance on how to report these. All policies can be viewed on www.glanbia.com

Our Society

Supporting our communities through Covid-19 and beyond

Education initiatives

GPN Global Education focused on consumer-facing digital education in 2020. The entire Sports Nutrition School (SNS) programme moved online during the year, condensing over 40 hours of classroom learning into a streamlined digital offering. As a result, the programme's reach was significantly extended by inviting multiple distributors and retailers from across the globe. 2020 also saw the introduction of 'The Optimum 5', a consumer-facing, bite-sized programme that aims to build a strong performance foundation by focusing first on food, hydration, sleep and training and then adding supplements. The Optimum 5 introduces new content weekly to consumers around the world through our social and digital channels.

2020 also saw a partnership with 'Tomorrow's World Today' to create a TV episode 'The Power of Protein'. The episode was viewed by over one million viewers on Discovery and the Science Channel, charting the journey of whey protein from farms, through our cheese and whey facilities in Idaho to OPTIMUM NUTRITION's™ cutting-edge R&D facility, explaining along the way how Gold Standard 100% Whey Protein has become the most-awarded, most-reviewed, best-selling whey protein powder in the world.

Breast Cancer Ireland

Glanbia continued its partnership with Breast Cancer Ireland in 2020. The Great Pink Run with Glanbia, in aid of breast cancer research both went virtual and global this year for the first time ever. More than 450 Glanbia employees from all over the world took part in the virtual event, joining 15,000 participants. This year's event has raised in excess of €930,000 for breast cancer research – a record total.

In North America, Glanbia Nutritionals (GN) continued its work with local communities with the 26th Annual Charity Golf Tournament taking place virtually, raising $170,000 for local charities. GN supported foodbanks across Idaho and New Mexico donating cheese and other produce to provide a much needed protein source for food baskets at a difficult time for many in our community. We also partnered with local patrons to support the important work of food banks and our employees contributed to food drives across our organisation. In Suzhou, China, our local team partnered with the Amity Foundation, to help provide virus-fighting medical equipment for Suzhou Children's hospital.

In Ireland, Glanbia Ireland (GI) supports FoodCloud, a social enterprise that combats food waste by connecting retailers and food businesses that donate large volumes of food to charities in need. In 2020, FoodCloud redistributed 128 tonnes of food on behalf of Glanbia Ireland, an increase of 117% on last year.

Health and wellbeing for employees

Glanbia supports the physical, nutritional and mental health of our people through health and wellbeing programmes. As well as putting in place very detailed health and safety measures to protect our frontline workers this year, we also provided care packs to employees on the frontline and recognised their efforts through Appreciation Awards in recognition of their service during Covid-19. For remote workers, our focus is on ensuring that employees are supported to cope well with new ways of working. We expanded our employee assistance programmes and offer online exercise and wellbeing classes while sharing communications highlighting the importance of staying well both mentally and physically. Our annual Workplace Wellbeing Day took place virtually this year, with employees from all over the world participating.

Covid-19

The pandemic has vividly demonstrated that governments, businesses and communities must work together to build more resilient societies, better able to withstand major social and economic shocks. Glanbia is proud to have donated more than €1.5 million worth of sports and lifestyle nutrition products globally to help support first responders, frontline workers and hospitals who were leading the fight to keep people healthy throughout the Covid-19 pandemic.

Brands involved include OPTIMUM NUTRITION™ (ON), ISOPURE™, BSN™, AMAZING GRASS™ and think!™ with major donation efforts in North America, India and the UK in particular. In India, as well as supporting frontline workers, GPN partnered with the Akshaya Patra Foundation and hunger relief centres to support migrant workers who lost their livelihoods and shelter due to Covid-19 lockdown.

In North America, OPTIMUM NUTRITION™ partnered with Michelob Ultra for Movement Live, donation-based, weekly workout classes.

Maintaining our risk resilience to minimise the impact of Covid-19 on our people and operations while rebuilding our growth momentum

Managing our risks

During the year, the business continued to adhere to our risk management framework and disciplines while managing our evolving risk environment in line with good practice. As outlined earlier in the report, this has enabled the Group's Covid-19 business continuity planning teams to focus on three priorities: protecting employees, continuing food supply and maintaining our strong financial position to ensure Glanbia can emerge safely and strongly from the impact of the pandemic.

To date there has been no material interruption to the Group's operations globally due to the exceptional work performed by Glanbia's employees, suppliers and customer partners. The impact of Covid-19 on the business is explained in various parts of the Strategic Report and consequently the narrative included in the Group Managing Director, Group Finance Director and Operations Review updates should be read in conjunction with the disclosures below to provide an overall understanding of the risks, economic uncertainties and challenges which will continue in 2021.

Covid-19

The pandemic has demonstrated that the risk environment is anything but static and while its impacts are difficult to predict, the Board and management has invested in the development of our processes and systems to help improve our ability to anticipate and address significant changes to the risk environment that may impact the delivery of the Group's strategic objectives. This includes closely monitoring, by location, the rates of virus infection per one hundred thousand population over the past fourteen days to ensure that Glanbia sites can plan as effectively as possible with regard to areas including on-site operational controls, potential additional staffing needs, supply chain requirements, travel restrictions and site access controls. The continuing global vaccination rollout offers some real positivity for an effective longer-term solution and while comprehensive return to office plans are in place which will be implemented when the position improves, the current focus remains on ensuring strict compliance with safety policies for our frontline workers.

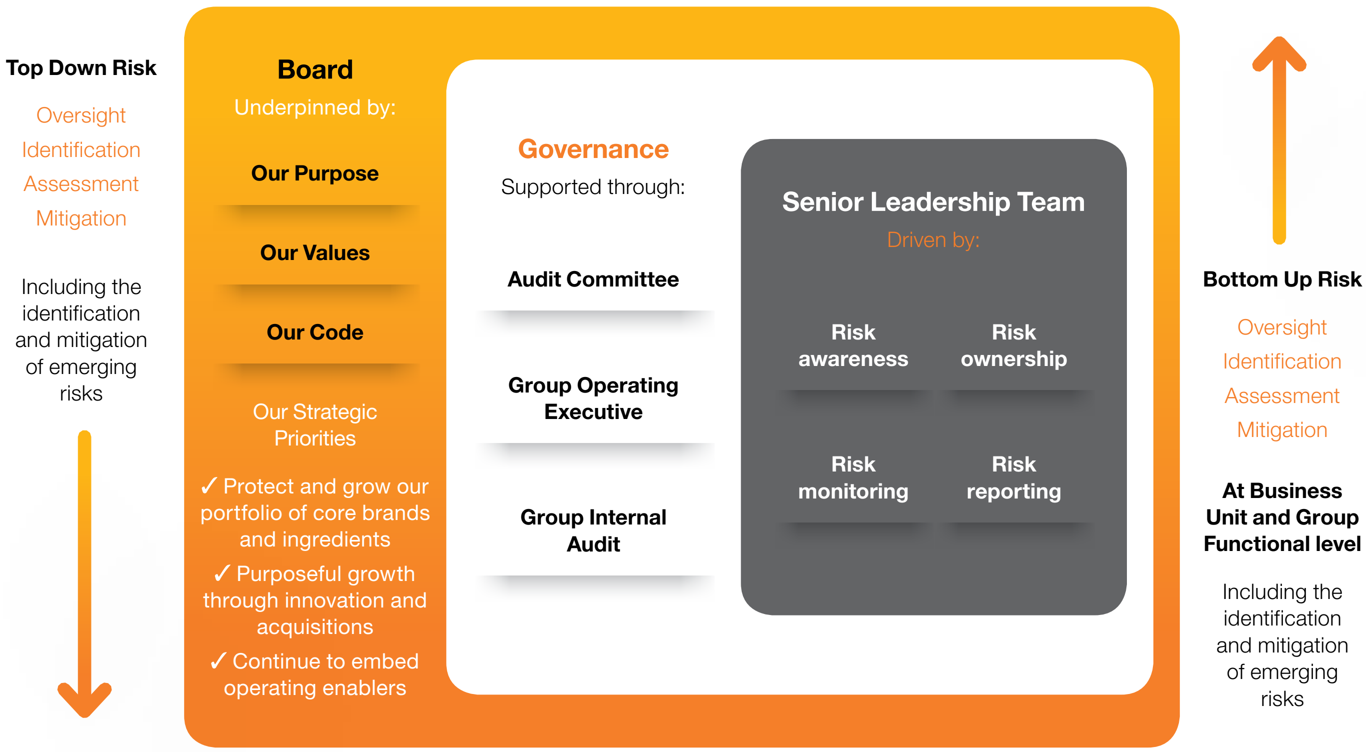
Our risk management framework

The Board has implemented appropriate governance structures to ensure that there is clarity of ownership and responsibility for risk management throughout the Group. This is critical to correctly identify, assess, prioritise and manage risks. Our risk management framework outlines the key stakeholder responsibilities and is designed to ensure that there is input across all levels of the business to the management of risk. An overview of the Group's risk management and internal control framework is outlined in the diagram below.

Board of Directors

The Board has overall responsibility for determining the nature and extent of the significant risks it is willing to take in achieving the Group's strategic objectives and for setting the Group's risk appetite. This is achieved by carrying out a robust assessment of the Group's principal risks, including emerging risks. The focus of the Board during such reviews is to ensure that the Group residual risk position is within the Group's risk appetite.

While risk management is a regular agenda item at Board meetings, the Board also conducts a detailed consideration of the impact of the Group's principal risks, including emerging risks, during the annual Group strategy process. This is designed to ensure that the Board understands both the key risks existing within the business and newly



emerging risks together with the methods by which these risks are being managed. The Board and management use the same process to assess and manage risks within our material joint ventures as it does for the wholly-owned areas of the Group. We hold board positions in all such entities.

The Board conducted a formal half-year and full-year review of the risk register summary reports prepared by Group Internal Audit to ensure that the Group's principal risks and uncertainties, as outlined on pages 56 to 61, effectively describe the nature and extent of the Group's principal risks. The Board is satisfied that its risk management and internal control processes are effective. However, as with all practices, a mind-set of continuous improvement is required. The Board also considered its obligations in relation to providing both the annual Going Concern and Long-term viability statements. Its review and conclusions in this regard are outlined on pages 56 and 57.

Audit Committee oversight
The Board has delegated responsibility to the Audit Committee with regard to monitoring the Group's systems of risk management and internal control including the review of their effectiveness. The Audit Committee and Group Operating Executive, supported by Group Internal Audit, are focused on ensuring that appropriate measures are in place to validate the strength of internal controls and risk mitigation. As part of this validation process in 2020 and early 2021, the Audit Committee continued its approach to developing a deeper awareness and insight into the Group's principal risks by receiving ongoing updates from senior executives and detailed presentations from Group functional leads including the Group Head of:

- Health and Safety;
- Food Safety and Quality;
- Glanbia Business Services and IT; and
- Taxation.

These presentations typically provide the Committee with the opportunity to review the Group's risk appetite statements in relation to the principal and emerging risks being examined.

As a follow-up to the prior year adverse market performance, the Audit Committee also received market performance updates from senior executives in 2020, particularly with regard to the status of the management action improvement plans in the GPN non-US business and think!™ lifestyle brand performance, both of which will continue to be focus areas in 2021. A description of the activities carried out by the Committee for the year is outlined in the Audit Committee report on pages 84 to 89.

Group Operating Executive
The Group Operating Executive forum as outlined in the Corporate Governance Report on page 76 also acts as the Group Risk Committee and supports the Audit Committee in the risk management process through the ongoing monitoring of the risk environment and the effectiveness of the controls in place to identify, assess and manage risk. The Group Operating Executive aims to ensure that the risk management process supports the delivery of the Group's strategy by managing the risk of failing to achieve business objectives.

Group Internal Audit (GIA)
GIA assists in the process by preparing regular Group summary risk management reports based on information submitted by management throughout the year. These reports include:

- An analysis of key Group risks in terms of impact (assessed over the following 12 months within defined monetary terms), likelihood of occurrence (using defined probabilities of occurrence) and velocity (speed at which the impact of the risk could materialise);
- A summary of the key movements in the identified risks, with a particular focus on highlighting new or emerging risks;
- Management action plans (MAPs) to manage risk exposures; and
- An overview of the broader organisational, business and emerging risks.

The Group Operating Executive reviews these reports regularly during the year. The Audit Committee and the Board perform at least a bi-annual review, with interim updates received from management on significant issues.

Group Senior Leadership Team (SLT)
The management team of each business segment and the Group functional leads are required to maintain and submit a risk register. The register ensures consistency of approach in the reporting of risks to Group defined guidelines. By focusing our risk management system on the early identification of new or emerging risks, it enables us to conduct a detailed consideration of the existing level of mitigation and the management actions required to either reduce or remove the risk. Where the removal or reduction of the risk is not possible, the Group formulates a MAP to respond to the risk should the risk materialise. The quality and consistency of SLT risk reporting is supported by a number of other monitoring and reporting processes including the:

- Group strategy process and Board review of key financial and operational performance, including detailed finance, capex planning and expenditure reviews;
- Bi-annual control self-assessment and management representation letter processes;
- Post-acquisition completion and significant Capex project reviews;
- Risk-focused GIA plan; and
- The externally assessed Glanbia Risk Management System (GRMS) reviews which assess operational risks across the Group and the internal Glanbia Quality System (GQS) reviews.

Risk categories

Our approach recognises the external risks associated with our operating environment, which are typically considered and managed through our strategic processes, and the mainly internal risks associated with our people, processes and systems which are managed through our internal controls. Emerging risks with the potential to impact our longer term success are also considered to ensure that we plan appropriately to respond to them over time.

Identifying our principal risks and uncertainties

The Directors have carried out a robust assessment of the Group's principal risks, including those that may threaten our business model, future performance, solvency or liquidity. Key risks are identified based on the likelihood of occurrence, potential impact and velocity on the Group using the process outlined on pages 54 and 55.

Risks are reported on a residual risk basis and represent a snapshot of the Group's principal risk profile. This is not an exhaustive list of all of the risks faced by the Group, there may be other risks and uncertainties that are not yet considered material or not yet known to us and this list will change if these risks assume greater importance in the future. Likewise, some of the current risks will drop off the key risks schedule as management actions are implemented or changes in the operating environment occur.

The Board also fully recognises that many risks do not exist in isolation and that one or more risks may crystallise at the same time which could increase the impact to the Group. The interactions and relationship between such risks are discussed and considered by the Board throughout the year. In 2020, these discussions included a detailed consideration of the consequences of the Covid-19 virus on many of the underlying principal risks being faced by the business, the impacts of which are varied. The disclosures on pages 21 to 23 consider the longer term impacts of Covid-19 on the business strategy.

Risk Management continued

Strategic/External
Mainly external risks associated with our operating environment

- Economic, Industry and Political
- Market Disruption
- Customer Concentration

Financial
Our financial status and internal controls

- Taxation Changes

Technological
The systems we use to drive the business and the data they hold

- Digital Transformation
- Cyber Security and Data Protection

Operational/Regulatory
The people and processes we use to power our business model

- Talent Management
- Health and Safety
- Supply Chain
- Product Safety and Compliance
- Acquisition/Integration

Emerging
Emerging or developing risks with the potential to impact in the longer term

- Climate Change

Changes to risks in the year

- No new principal risks were identified during the year and while many of the principal risks noted prior to the pandemic remain the same in substance, they have been amplified by the impact of the virus with the risk movements and trend outlined in the diagram above.
- A Covid-19 project team was immediately put in place to assess these threats and ensure appropriate incident and response plans are in place. As a provider of essential services, the Group has been able to keep its supply chains, manufacturing plants and distribution networks operating effectively during the pandemic. However, similar to other companies, the Group has experienced operational and market related challenges associated with Covid-19.
  - Direct Covid-19 impacts included areas such as reduced profitability, supply chain challenges, increased workforce planning requirements and negative impacts to the credit quality/liquidity of some of our customers and suppliers;
  - Indirect consequences included broader shifts in the channels in which we operate with a significant shift to online and increased market and price volatility at different points during the year.
- Above all, we have reinforced our commitment to the health and safety of our employees and customers by putting people first.
- One of the real positives for the Group was the strength of our IT and digital infrastructure which operated relatively seamlessly with the significantly increased number of employees working remotely.
- The end of the transition period on 31 December 2020 following the withdrawal of the United Kingdom ("UK") from the EU ('Brexit') and the regulations associated with the EU–UK Trade and Cooperation Agreement ("TCA") which has been applied provisionally since 1 January 2021 has reduced the uncertainty surrounding issues such as tariffs and while some issues have still to be worked through, no significant impact to the Group's financial performance is expected.

Principal risks and uncertainties

The key risk factors and uncertainties with the potential to impact on the Group's financial performance in 2021 include:

- Economic, industry and political risk – as an international business, the Group operates in many countries and currencies where changing economic conditions can impact on it. Covid-19 actions taken by the countries in which the Group operates continue to evolve resulting in a risk of continued or further disruption to business activities, supply chains and employees. A prolonged pandemic-driven global recession may pose longer term risks as markets globally struggle to return to pre-Covid levels;
- Market disruption risk – Covid-19 restrictions have had and, not withstanding the vaccination roll-out process, will most likely continue to have a significant impact on commercial activity globally with the closure and subsequent re-opening of restaurants/food service outlets, gyms, convenience stores and the cancellation of multiple sporting events. The risk of continuing and possibly more aggressive waves of Covid-19 may further disrupt the ability of markets to re-open fully in 2021 and delay the return to pre-Covid sales levels, particularly in the GPN International markets, distributor networks and/or the specialty channel;
- Supply chain risk – the ability of governments and medical agencies to contain and suppress the spread of the Covid-19 virus continues to be important in preventing unexpected supply chain disruptions which could result in restrictions on the importation of key raw materials and/or negative impacts on international sales channels. The Group is holding appropriate safety stocks of core raw materials, however a prolonged impact to supply chains would have negative consequences from both a supply and pricing perspective;
- Customer concentration risk – while strategically the Group aims to build strong customer relationships with major customers, material disruption with, or loss of, one or more of these customers, or a significant deterioration in commercial terms, could materially impact profitability. It can also expose the Group to credit exposure and other balance sheet risks. The Board is focused on utilising available mitigation to limit such exposures where possible. This remains relevant in 2021 as customers continue to navigate the challenges imposed by Covid-19 restrictions on their operations; and
- Health and safety risk – a failure to maintain good health and safety practices or a significant escalation in the spread of the virus or new variants, in our core markets, may adversely impact performance.

The Group actively manages these risks and any emerging risks through its risk management and internal control processes.

Going concern

Glanbia's business activities, together with the main factors likely to affect its future development and performance, are described in the Strategic Report on pages 1 to 61. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements.

The Group therefore continues to adopt the going concern basis in preparing its Financial Statements. In reaching this conclusion the Directors have had due regard to:

- Available cash resources, cash generation from operations, liquidity, borrowing facilities and related covenant requirements which taken together provide confidence that Glanbia will be able to meet its obligations as they fall due. Further information on its bank facilities is provided in Note 25 to the Financial Statements and outlined in the Group Finance Director's review on pages 42 to 47;
- Glanbia's financial risk management policies as described in Note 29 to the Financial Statements, the nature of its business

activities and the factors likely to impact our operating performance and future growth; and
- The potential impact of the ongoing Covid-19 pandemic which the Board have modelled a number of scenarios for in terms of future trajectory and duration; and the recoverability of trade receivables, inventory and other assets as outlined in Note 2 to the Financial Statements. The longer term impacts of Covid-19 on the business strategy have also been considered in the Strategic Report on pages 21 to 23.

Long-term viability statement

Assessment of prospects

In accordance with the Code and Listing Rule 6.1.82 (3) of Euronext Dublin, the Directors have assessed the viability of the Group and its ability to meet its liabilities as they fall due over a period extending to 2023. This period was chosen as it is aligned to the Group's budget and strategy plans as approved at the Board strategy review session in December 2020. The Board considers this the most appropriate period to assess the Group's prospects taking into account its current financial position, the Group's strategy and business model and the potential impact arising from the principal risks and uncertainties. Factors considered in assessing long-term prospects include:

(a) The Group's current position

- Strong Group financial position, net debt at year end improved by €120.4 million versus the prior year, with a net debt to adjusted EBITDA ratio of 1.70 times with continuing good cash generation.
- Strong market positions in the wholly-owned segments GPN and GN and robust joint venture business models.
- GPN transformation programme on-track and delivering margin improvements.
- The global market trends in human nutrition remain positive and will underpin the execution of the Group's strategic ambition.
- Recent acquisitions Watson and Foodarom are performing well.
- Key long-term customer relationships, brands with strong equity and leadership positions in ingredients.
- Board confidence in the strength of the Group's financial position enabled the quarter four launch of a share buyback programme of up to €50 million and continued dividend payments.
- A team of talented and committed people, focused on the delivery of Group targets in line with our Group purpose, vision and values.

See the Finance Director's review on pages 42 to 47 for more detail.

(b) The Group's strategy and business model

- Clearly articulated business model with well-defined and communicated Group growth targets.
- The Group continues to focus on improving its financial position while maintaining investment in growth, with all key strategic projects on track and the acquisition of Foodarom closing in the third quarter.
- Clear priority of building GPN top line growth and driving earnings to 2023 from our core platforms of GPN and NS.
- Wide-ranging GPN transformation project with a series of initiatives across efficiency improvement and demand drivers are well advanced. The business has realised benefits from the programme which will build as the project advances during 2021 and is on-track to deliver an overall GPN EBITA margin ambition by 2022 of between 12% and 13% in line with the strategic plan.
- Delivery of the defined strategic approaches will be focused on growing market share where we have market leading capabilities, underpinned by a simplification of the business across product portfolios, routes-to-market and geographies.
- Ambition to grow through both organic investment and acquisition activity within a framework of clear capital allocation priorities, as demonstrated by our acquisitions and scale investments in dairy processing conducted through robust joint venture models.
- Clear focus and prioritisation on the development of talent which remains central to our strategy.

See the Group's business model on pages 28 to 29 and strategy on pages 21 to 23 for more detail.

(c) Principal risks related to the Group's business

See pages 58 to 61 for a detailed description of each of the Group's principal risks, related mitigation measures and 2021 focus areas.

Assessment of viability

The Directors' assessment of the Group's viability has been made with reference to the 2020 performance, the principal risks and uncertainties including emerging risks facing the Group and how these are managed within the Board's risk appetite as detailed on pages 55 to 61. The Directors carried out a robust assessment of the consolidated financial forecast for the current year and financial projections for future years to 2023 during its strategy and budget review session in December 2020 with due consideration to the impacts of Covid-19, particularly with respect to the significant judgements and estimates made in the application of its accounting policies and the continued pandemic-related uncertainty on the Group's performance.

The Board reviewed the assessment of the Group's prospects made by management, including:

- The development of a rigorous planning process, the outputs of which comprises of a strategic plan, a consolidated financial forecast for the current year and financial projections for future years covering the period of the plan;
- A comprehensive review of the strategic plan as part of its annual strategy review, with regular monitoring on the achievement of strategic objectives taking place at each Board meeting;
- Assumptions are built at both Group and Business Unit levels and are subject to detailed examination, challenge and sensitivity analysis by management and the Directors; and
- A consideration of how the impact of one or more of the principal risks and uncertainties, outlined on pages 58 to 61, could materially impact the Group's performance, solvency or liquidity.

These considerations include external factors such as the impacts of lower economic growth, particularly in our key areas of operation; a review of a number of scenario's relating to the future potential impacts of Covid-19 on the Group, unfavourable currency exchange rate movements, principally the USD/euro rate; increased regulations; and internal factors such as the strategic plan under-delivering; the loss of a key production site; or a major food safety or health and safety related event. These considerations also took into account additional mitigating measures available to the Group, including the ability to reduce capital expenditure and the potential availability of additional debt facilities. The Board is satisfied that sufficient financial headroom exists to address the potential negative impacts arising from the events considered.

Conclusions

Having considered these elements and the Covid-19 related challenges and impacts experienced in 2020 and anticipated for the years ahead, the Board assessed the prospects and viability of the Group in accordance with the UK Corporate Governance Code requirements. The Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment. The Board does not expect any reasonably anticipated coronavirus outcome to impact the Group's long-term viability or ability to continue as a going concern. The Board, in considering its dividend policy for the years to 2023, believes it will have sufficient distributable reserves to pay dividends. The Board assesses the Group's key financial metrics, liquidity position and projected cash flows before declaring interim and proposing final dividends. The Board is also satisfied that due to the continued strong cash flows in the business, sufficient distributable reserves are available to maintain the execution of the share buyback programme, in line with the plans announced in October 2020.

Principal Risks and Uncertainties

Link to Strategic Priorities (see pages 22 to 23)

Protect and grow our portfolio of core brands and ingredients | Purposeful growth through innovation and acquisitions | Continue to embed operating enablers

Risk	Potential Impact	Mitigation
Strategic/External		
Economic, Industry and Political **Our performance is influenced by global economic conditions, consumer confidence and the stability of the markets in which we operate.**	The inability to contain the spread of the virus and in-country Covid-19 actions taken by governments may create a risk of further business interruption. Deterioration in economic growth or consumer confidence, significant currency movements, political instability or civil disturbance may impact performance and the achievement of growth targets.	Covid-19 actions taken by governments in the countries in which we operate continue to evolve resulting in a risk of further disruption to business activities, supply chains and consumer confidence. The UK's exit from the European Union and a change of President in the US also have the potential to create short-term uncertainty. While certain elements are out of our control, the Board and Group Operating Executive are focused on the effective implementation by the GPN team of the transformation project objectives which position us well to regain revenue and profitability growth. Our strategy is aimed at the continued expansion of our geographic reach, focusing on key customer relationships and investment in new product development which help to protect the Group from economic fluctuations. The Board regularly assesses key market trends and the implications for Group performance and strategic objectives. Corrective actions are identified and implemented as required.
Market Disruption **Further waves of Covid-19 may continue to disrupt the ability of markets to re-open fully and delay growth plans.** **Increasing competition across certain channels through high promotional activity, competitor product innovation and channel shifts provides an ongoing challenge.**	Consumer channels have been restricted and/or shut down entirely during the pandemic. Consumer spending habits have also altered resulting in adverse impacts on the Group's financial performance. Failing to recognise or obtain accurate and relevant competitive and environmental intelligence may result in the adoption of incorrect business strategies.™	The Board and management are focused on maintaining a strong balance sheet during this volatile period; closely monitoring cash flow including customer receipts, vendor payments, and capital expenditure. Customer consumption data is monitored where available and credit limits are reviewed on an ongoing basis and adjusted where required particularly for customers within the consumer channels most affected by the pandemic. Inventory levels are monitored closely and production is scaled to meet demand to avoid building excess inventory during these uncertain times. The Board considered the major trends impacting our businesses, such as clean labelling, as part of our strategic review processes. We invest in research and development expenditure focused on value-added and customer-specific solutions, and invest in promotional activities where required. GN focuses on differentiating its capabilities from competitors through innovation to enable it to be the partner of choice for nutritional and functional solutions across both the dairy and non-dairy segments.
Customer Concentration **The Group benefits from close commercial relationships with a number of key customers.**	The loss or material disruption with one or more of these customers, or a significant deterioration in commercial terms, could have a material impact on Group profitability. Pricing risks associated with the growth of the online channel.	The Group has developed strong relationships with major customers by focusing on superior customer service, quality assurance and cost competitiveness. Credit exposure is actively reviewed and managed including the use of credit insurance where possible. The Board regularly reviews its exposure to individual customers and considers the impact of acquisitions where relevant.
Financial		
Taxation Changes **The Group's tax strategy may be impacted by legislative changes to local or international tax rules.**	The Group may be exposed to additional tax liabilities.	The Group employs a team of tax professionals to support the Group in ensuring compliance with legislative requirements globally. We constructively engage with tax authorities where appropriate and we engage advisors to clarify tax legislation to ensure that we achieve compliance with relevant tax law across the jurisdictions in which we operate.
Technological		
Digital Transformation **The risk of the Group implementing an ineffective digital strategy.**	A failure to adopt new technologies may impact our targeted growth.	Significant investment by the Group in ensuring a leading eCommerce platform and market-leading technologies have been deployed to drive growth across the eCommerce landscape. Executive commitment to ensuring the full benefits of the Group's digital capabilities are maximised to increase our speed to market, reduce costs and improve customer experience.
Cyber Security and Data Protection **The Group is dependent on robust IT systems and infrastructure for most of our principal business processes which may be impacted by the significant growth of cyber threats.**	An adverse event could result in significant reputational damage due to the potential loss or unauthorised access to sensitive financial, personal and commercial information such as the Group's intellectual property (IP) and that of our customers.	Dedicated Group IT Security team in place to manage IT risks. Policies in place regarding the protection of both business and personal information, as well as the use of IT systems and applications by our employees. Systems in place, including ongoing audit activities, to monitor compliance with relevant privacy laws and regulations. Regular security scanning across all eCommerce sites with penetration testing completed on all new sites.

Risk Trend Increasing Stable **Decreasing**

Developments in 2020	2021 Focus Areas
The spread of the Covid-19 virus and the restrictions implemented by governments in the countries in which the Group operates disrupted business activities, supply chains and employees at varying levels for the majority of 2020. A project team and clear business continuity plans centred around the Group's three priorities of protecting employees, continuing food supply and maintaining our strong financial position, was successfully implemented to ensure the Group maintains its strong financial position. Aside from the impact of the pandemic on the global economy, the geo-political climate has settled somewhat with trade tensions easing between the US and China and a Brexit deal and future trading relationship agreed between the EU and the UK.	A prolonged pandemic-driven global recession may pose longer term risks as markets globally struggle to return to pre-Covid levels. In 2021, the Group's focus will remain on its three core pandemic related priorities to position the Group to emerge safely and strongly from the pandemic's impact and the successful execution of the Group strategy as outlined on pages 22 to 23. The macroeconomic environment faces continued headwinds and developments in global trade uncertainty, currency fluctuations and pandemic related market impacts will continue to be closely monitored to ensure the Group mitigates the risks where possible.
Covid-19 restrictions had a significant impact on global commercial activity with a series of closures and re-openings in restaurants, food service outlets, gyms and convenience stores which impacted Group performance in a variety of ways. The progression of the transformation project objectives in GPN and strong performance by GN and our joint ventures demonstrated the resilience of our business and our people. The GPN team has invested in developing in-house capabilities to assess market trends and to improve the accuracy and relevance of data available to the Board and management to support decision making.	The Board will keep the frequency and impact of any future waves of Covid-19 under review to assess the level of potential market disruption and the ability of markets to re-open fully in 2021 particularly in the GPN international markets, distributor networks and specialty channel. The continued successful implementation of the transformation project objectives will also be integral to our growth ambitions. We will continue to invest in developing in-house capabilities to assess trends in key market areas ensuring accurate and relevant data is available to management teams to support decision making.
The Board reviewed the Group's exposures to individual customers and channels during 2020 and is focused on utilising available mitigation to limit such exposures where possible. The impacts of channel shifts by consumers and the financial strength of our customer base is continually assessed. In 2020, the impact of the pandemic saw significant disruption in the market with a rapid increase in the level of online purchasing.	The Board will continue to monitor credit exposures in 2021 as customers navigate the challenges imposed by Covid-19 restrictions on their operations. The impact of potential pricing risks associated with the growth of the online channel will also be closely monitored. The Group will continue to build key customer partnerships through strategic capacity expansions and product supply opportunities, particularly with our core GN customers.
The Audit Committee received a detailed management presentation in January 2021 on our tax structures and controls, the ongoing management of our current operations and evolving tax legislation. The Committee also received an update on, and was satisfied with, the outcome of the various tax authority reviews which concluded in 2020 with no material issues arising.	Management will continue to monitor potential further developments in international tax legislation, particularly in the US under the new administration. Focus will remain on ensuring continuing compliance with legislative requirements. Pro-active engagement with tax authorities in all material jurisdictions will continue where required.
Completion of a significant element of the phased migration to our preferred eCommerce platform and the expansion to nine new countries on the secure platform. Closure of legacy websites where appropriate. Fraud and cyber security exercises completed with vulnerability scans implemented across all eCommerce sites.	Continued focus on ensuring eCommerce projects support business growth in DTC and increased online shopping trends. Completion of the remaining elements of the phased migration to our preferred eCommerce platform.
Ensuring core platforms and remote access continue to perform for distributed workforce during the Covid-19 pandemic. Continued development of control processes to limit the risk of system intrusion and/or data loss with a particular focus on regulatory compliance. Significant progress on the effective integration of our IT systems and related Group monitoring controls within our recent acquisitions.	Evolve security and data privacy programmes to address new threats, working from home risks and increasing regulatory requirements. Continue to raise awareness of potential cyber-attack risks such as phishing and social engineering. The cross-functional teams involved will continue to ensure our IP is protected through appropriate IT security measures, patent applications and related control procedures.

Principal Risks and Uncertainties continued

Link to Strategic Priorities (see pages 22 to 23)

(see pages 22 to 23)

Protect and grow our portfolio of core brands and ingredients | Purposeful growth through innovation and acquisitions | Continue to embed operating enablers

Risk	Potential Impact	Mitigation
Operational/Regulatory		
Talent Management **The ability to attract, develop, engage and retain appropriately qualified talent is critical if the Group is to continue to compete effectively.**	A failure to retain, attract and/or develop key talent, particularly in emerging areas of talent need or areas such as digital and robotics, will impact on our ability to deliver sustainable value for all our stakeholders.	The Group's purpose, vision and values are embedded across all levels of the Group through defined training programmes. A remuneration policy is in place with clear links to our strategic objectives. This policy includes a balanced approach to short and long-term incentives and is aimed at mitigating weak performance in any one year and utilising appropriate retention tools for key individuals. Strong recruitment processes, effective human resources (HR) policies and procedures, robust succession management planning and talent management initiatives are in place.
Health and Safety **The risk of an escalation in the spread of Covid-19 or the spread of new coronavirus strains.** **The risk of non-compliance with building and fire code regulations and/or zoning restrictions resulting in a loss of capacity or closure at a major site.**	Health and safety risks to our people and the wider public. Reputational damage, regulatory penalties and an inability to service customer requirements due to capacity restrictions or plant closure.	The Glanbia Corporate Responsibility Council (CRC) monitors progress against our key health and safety, food safety and quality and environmental objectives. The CRC includes two members of our Group Operating Executive to help ensure an effective framework, Group policies and clear objectives are in place and that corrective actions are implemented in a timely manner. The Group monitors overall safety and loss prevention performance through the independently assessed Glanbia Risk Management System (GRMS).
Supply Chain **Risks include the inability to contain the spread of the coronavirus with resulting prolonged supply chain disruptions and the risk of the principal ingredient supplied, milk, not achieving an appropriate balance between sustainable supply and cost.**	The coronavirus crisis could result in unexpected restrictions on the importation of key raw materials and/or negative impacts on our international sales channels. Milk availability and pricing can vary from quarter-to-quarter and year-to-year with resulting impacts on production levels and input costs.	Appropriate short-term safety stocks are in place for our core raw materials and detailed monitoring of raw material delay risks are in place with alternative sources of supply identified if required. The majority of our dairy activities are in joint venture partnerships with established, robust business models to manage this risk in our dairy operations. Our milk and procurement strategy teams work proactively with the US patron supplier base to ensure the business remains competitive in its supplier offerings to underpin long-term sustainable supply including the provision of non-pricing value-added initiatives.
Product Safety and Compliance **A breakdown in control processes may result in contamination of products resulting in a breach of existing food safety legislation and potential consumer or employee illness.**	Reputational damage, regulatory penalties or restrictions, product recall costs, compensation payments, lost revenues and reduced growth potential. The sudden introduction of more stringent regulations such as additional labelling requirements may also cause operational difficulties.	The Glanbia Quality Leadership Team (QLT) has established governance, benchmarking and KPI measurement processes to ensure the Group is tracking to global standards and best practice. Considerable focus on ensuring suitably qualified and experienced staff are employed within the Group. Appropriate product liability insurance is maintained.
Acquisition/Integration **The anticipated benefits of acquisitions may not be achieved if the Group fails to conduct effective due diligence, complete the transaction or properly integrate the acquired businesses.**	Below expected performance of the acquired business and the diversion of management attention to integration efforts could result in significant value destruction.	The Board approves the business case and funding requirements for all significant investments and has acquisition integration processes in place to monitor the performance of acquired businesses. Acquired entity management teams are typically strengthened by the transfer of experienced Glanbia managers, which assists in increasing the efficiency of integration efforts. Mandatory post-acquisition completion and significant capital expenditure project reviews are conducted, with regular Audit Committee updates.
Emerging		
Climate Change **The risk of non-compliance with regulations and/or the Group's vision to protect the environment through responsible stewardship.**	Changes in policy, regulation, technologies and weather conditions, may impact the Group or influence consumer preferences. Failure to comply with incident reporting regulations may cause reputational damage.	The Board recognises the scientific consensus that action is required to address the impact of greenhouse gases on rising global temperatures and has ensured that: • Our operating sites are reporting on carbon, waste and water use. • The Group-wide sustainability programme focuses on building a strong culture, systems and governance model to oversee progress. • A Board approved strategy is accelerating our climate change commitments, targeting decarbonisation in our operations and supply chain and addressing our most material sustainability focus areas.

Risk Trend Increasing Stable Decreasing

Developments in 2020	2021 Focus Areas
Protecting our employees was established as one of the three pillars of our Covid-19 business continuity plan with an analysis of our detailed performance in this area set out in the Our People section on page 24. Remote working was promoted where possible, with a clear management focus on driving both employee productivity and engagement in the new environment. Significant focus and investment in the development of our approach to increasing diversity across the organisation, including our talent pipeline, new acquisitions and new geographies with a Board approved strategy in place. Detailed analysis performed on the results of our Group-wide employee survey as part of our employee engagement programme with appropriate action plans developed where required.	Retaining focus on the protection of our employees by sustaining control procedures and employee communications throughout the pandemic and developing appropriate site policies for the vaccine rollout. Continuing execution of our people strategy which aims to sustain a high-performing, values driven and respectful culture. Monitoring the evolving talent retention risks driven by the remote working options which have become more widespread during the pandemic. Driving the HR transformation programme development particularly through the global talent centre of excellence and IT platform development work. Continue to evolve our graduate recruitment and mentor programmes to support the Group's succession planning processes.
A Group Crisis Command Team (CCT) was established in March 2020 to commence the Group's business continuity plans in response to the pandemic. These plans were tailored to the evolving situation throughout 2020 and into 2021 where contingent workforce planning remains a key priority. All production sites remained operational throughout the pandemic, with approximately three quarters of employees working on site and the remainder working remotely. Employee engagement programmes were enhanced across the Group to provide an additional level of support to both our frontline and remote workers while the recruitment of on-site nurses at key Group locations was increased to ensure strict compliance with procedures. Close monitoring of our accident rates continues with a clear focus on driving effective root cause analysis across the Group.	The Group CCT will remain in place to provide ongoing surveillance and support across the Group with the key issues from the perspective of business continuity and employee welfare including: 1. Maintaining effective employee engagement and welfare programmes. 2. Sustaining operations through each wave of the virus. 3. Ensuring site policies and procedures are in place for the vaccine rollout. 4. Managing the timely re-opening of offices when it is safe to do so. 5. Restricting business related travel to essential business only. Ongoing assessment of business activities to ensure any required improvements are implemented to limit potential future exposures. Continue to monitor evolving health and safety regulatory requirements.
Significant management effort deployed to prevent unexpected supply chain disruptions. The continuing spread of the disease and subsequent government restrictions did negatively impact some sales channels with corrective actions taken where possible.	Continuing to monitor the potential impacts of the coronavirus, particularly on the import of key raw materials and/or negative impacts on our international sales channels and taking effective action where required. Ongoing engagement with our supply base in Ireland and the US to ensure sustainability of supply at a level of pricing that is both commercial and competitive.
Covid-19 has added complexity but the flexibility and commitment of our people has ensured robust quality and auditing standards have been maintained. Continued progression in embedding our global reporting tool and core Glanbia Quality Standards (GQS) across the Group. Focused on critical event management, effective root cause analysis and corrective and preventive actions. All sites achieved or maintained a globally recognised food safety certification in 2020.	Tailoring business continuity plans to the evolving pandemic situation while maintaining a clear focus on protecting our employees. Ensuring new regulatory requirements and emerging issues are captured with appropriate team training on the revised requirements. Maintaining standards as we optimise our supply chain globally by encompassing a mix of owned and contract manufacturer facilities. Working to continuously improve our operations while reducing our environmental impacts in a cost effective and sustainable manner.
The Board considered and approved the acquisition of Foodarom, a Canadian flavours business, which completed in the third quarter. Management has continued to focus on ensuring the SLIMFAST™ brand and Watson acquisitions were effectively integrated into the Group's operations. The Group continued to participate with its strategic joint venture partners in the progression of a number of dairy-related investments with the commissioning of the MWC-Southwest Holdings plant in Michigan, US and commissioning of the Glanbia Cheese EU plant to commence in quarter one 2021. The Audit Committee assessed the impairment review of goodwill and intangibles, including an appropriate consideration of the impacts of Covid-19 on the assessment, as outlined on page 88.	Acquisition integration and post-acquisition review processes will continue to be monitored through Board and Audit Committee reviews, particularly in light of the impacts of Covid-19 on the original business plans. The Audit Committee will continue to review the impairment testing methodology, inputs, assumptions, sensitivity analysis and results of any material business units performing below expectations. The Board will continue to review the Group's overall portfolio as part of its strategic review processes and will evaluate potential acquisition opportunities to broaden the portfolio in this context.
A cross organisational team, led by the Group Sustainability function, and supported by a number of external experts developed an enhanced 2030 Group Sustainability strategy, which was reviewed and approved by the Group Operating Executive and Board in January 2021. The 2030 strategy branded 'Pure Food + Pure Planet' represents a further evolution of the phased Group-wide approach which commenced in 2015 and helps to ensure that the Board and Group Operating Executive play a key role in maintaining and developing clear alignment between business goals, the requirements of key stakeholders and the ability of the Group to demonstrate a robust environmental, social and corporate governance (ESG) framework.	The Board will ensure regular reviews of the environment related risks and opportunities are performed as part of the sustainability agenda and look to incorporate environment initiatives into the overall Group strategy particularly with regard to investment in energy efficiency advancements, carbon reduction and emission management programmes. The Audit Committee will assume responsibility for monitoring the effectiveness of the environment metrics in assessing performance indicators.

Corporate Governance Report
Introduction from the Group Chairman

Committed to strong governance and ethical standards aligned with our core values of respect and integrity.

Donard Gaynor
Group Chairman

Dear shareholder,
On behalf of the Board, I am delighted to present my first Corporate Governance Report for the year ended 2 January 2021. I was privileged to be appointed Group Chairman on 8 October 2020 as successor to Martin Keane. I look forward to working with the Glanbia team and my Board colleagues on the successful delivery of strategy and value creation for our stakeholders. On behalf of the Board, I want to thank Martin for his stewardship of the Group, in particular for his leadership through the current Covid-19 pandemic.

2020 was an unprecedented year that challenged all of us in ways that we never imagined. The collective Glanbia spirit has never been stronger and our values are being lived each day in the way we work together, alongside our customers and suppliers to deliver the essential nutrition to sustain people through this pandemic.

UK Corporate Governance Code (2018)
The timing of my first report coincides with the first year in which Glanbia is required to report on its governance under the latest Corporate Governance Code, published by the UK Financial Reporting Council (FRC) in July 2018 (the 'Code'). The aim of this Corporate Governance Report is to explain the governance structure, processes and procedures that are in place at Glanbia and how we have applied the principles and complied with the provisions of the Code. These governance structures, processes and procedures are designed to ensure we carry out our business in line with applicable laws and regulations and consider the requirements of our relevant stakeholders, including shareholders, in Board discussions and decision-making.

In keeping with prior years, details of our governance practices are available in this Corporate Governance Report and the Committee Reports which follow.

Stakeholder engagement
As Group Chairman, a core part of my role is stakeholder engagement as outlined on page 27 and pages 74 and 75. Since my appointment as Group Chairman on 8 October 2020, I met with a number of our stakeholders to gain an understanding of their perspectives on Glanbia.

In particular, I was keen to engage with Glanbia's largest shareholders, representing over 70% of Glanbia's issued share capital to schedule introductory virtual meetings with them. In addition to an initial introduction, the purpose of the meetings was to listen to their views on Glanbia and to set out my thinking in relation to the main areas of focus for the Board.

Due to the Covid-19 pandemic, the 2020 Annual General Meeting ('AGM') was held as a closed meeting. Shareholders were invited to follow the proceedings of the AGM by listening via teleconference. All details relating to the AGM were published on the Company's website: www.glanbia.com/agm. At the AGM, shareholders approved the implementation of a share buyback programme by a 93% majority. However, while the relevant waivers required under Rule 9 and Rule 37 of the Irish Takeover Panel Act 1997, Takeover Rules 2013 giving the Company the authority to implement a share buyback programme within certain specified limits were approved by the independent shareholders by 56% and 70% respectively, these approvals were less than 80%. Accordingly, in compliance with the Code, the Senior Independent Director led an in-depth consultation with shareholders to understand better their concerns. Details of the outcome of this consultation were published on 12 August 2020 as part of the Group's 2020 half year results release to the market and are summarised in the 2020 Board Highlights on page 70.

Areas of focus for the Board
We last met together physically as a Board in February 2020. Since then, the Board meetings have been held via conference calls with several additional unscheduled meetings which were largely focused on our response to the Covid-19 pandemic with three priorities of protecting employees, continuing food supply and maintaining the Group's strong financial position being central agenda items to all the meetings. Board deliberations in respect of the Group's continued response to the Covid-19 pandemic include the extensive people and societal impact, business continuity planning, business resilience, risk management, liquidity and funding to ensure that we oversee and guide the business appropriately at this extraordinary time.

As an essential service, we are committed to our purpose to deliver better nutrition for every step of life's journey. We take seriously our responsibility for ensuring the Group is capable of delivering on our long-term strategic objectives and operating in the best interest of our stakeholders.

During 2020, the Board also devoted a considerable amount of time to reviewing and monitoring the progress of the Glanbia Performance Nutrition business transformation programme and the Glanbia Nutritionals' acquisition of the Foodarom business. Throughout 2020 Group strategy, Board renewal, succession planning and talent management, the share buyback programme and the market migration to a new electronic share settlement system with Euroclear Belgium post Brexit were also important topics on the Board agenda.

Culture
The Code emphasises the importance of culture. With the entire world severely affected by the Covid-19 pandemic, the Board's role in promoting and monitoring a healthy and safe culture throughout the business is now more important than ever. Bi-annually the Human Resources & Corporate Affairs Director reports to the Board on HR metrics. These include key employee engagement metrics, further details of which are contained on page 25. In 2020 we also agreed a new Diversity and Inclusion strategy aimed at embedding a more equitable culture within the organisation.

Board composition, Board renewal and Committee changes

There were a number of changes in the composition of the Board and Committees during 2020 and early 2021 which are discussed in more detail in the Nomination and Governance Committee Report on pages 90 to 95.

From a governance perspective the most significant changes to the Board were:

1. In accordance with the amended and restated Relationship Agreement dated 2 July 2017 (the 'Relationship Agreement') between the Company and Glanbia Co-operative Society Limited (the 'Society'), the appointment of an Independent Non-Executive Director as Group Chairman, the reduction in 2020 of the number of Non-Executive Directors nominated by the Society ('Society Nominee Directors') from eight to seven consequently reducing the overall size of the Board from 16 to 15 Directors. Society Nominee Directors, Jer Doheny and Eamon Power retired from the Board at the conclusion of the 2020 AGM and John Murphy was nominated by the Society to join the Board on 8 October 2020. I thank Jer and Eamon for their service and commitment to the Board during their tenure and wish them success for the future;
2. The strategic decision on 23 February 2021 by the Society to reduce its representation on the Board (from seven to three by 2023) in order to facilitate the appointment of additional Independent Non-Executive Directors and further strengthen the diversity of the Board; and
3. In line with the decision referred to in 2 above a reduction in the size of the Board from 15 to 13 by 2023.

The Society and the Company plan to formally amend the Relationship Agreement to reflect the changes agreed on 23 February 2021, details of which are contained in the Nomination and Governance Committee Report on page 92.

Richard Laube, John Daly and Mary Minnick stepped down as Independent Non-Executive Directors from the Board effective 28 February 2020, 1 November 2020 and 31 December 2020 respectively. I thank Richard, John and Mary for their integrity and valuable contributions to the Board during their tenure. We also welcomed during the year the appointment of two new Independent Non-Executive Directors, Jane Lodge on 1 November 2020 and Roisin Brennan on 1 January 2021. Jane and Roisin bring a wealth of experience from their prior leadership and non-executive directorship roles. Full biographical details for the new Non-Executive Directors are included on page 66.

On 23 February 2021 the Board approved the appointment of Paul Duffy as Independent Non-Executive Director effective 1 March 2021. Full biographical details for Paul can be found on pages 90 to 91.

We are also pleased that as at the date of this Report female Directors comprise 40% of our Independent of the Society Non-Executive Directors. The composition of the three main Board Committees were also reorganised as set out on page 91.

Board evaluation

In 2020, the performance evaluation of the Board, its Committees and individual Directors was externally facilitated by Independent Audit, having been externally facilitated also in 2019. Further information of Independent Audit's appointment and a full description of the 2019 and 2020 Board evaluation process and results can be found on pages 80 to 81.

Priorities for the Board and Board Committees during 2020

Audit Committee

In 2020, in addition to its core responsibilities, the Audit Committee paid particular attention to the impact of the Covid-19 pandemic on the Group's employees and operations with detailed risk management presentations from the functional leads in Health and Safety; IT and Food Safety and Quality. The financial impacts to the macroeconomic projections and cash flow forecast assumptions used during the impairment review of goodwill and intangible balances were also assessed. Following detailed review, the Audit Committee is satisfied that the current remote working environment is not unduly impacting our financial reporting systems and controls and that the internal and external audit processes remain effective.

Nomination and Governance Committee

During the year, the key focus of the Nomination and Governance Committee was, in accordance with the Relationship Agreement, the appointment of an Independent Non-Executive Director as Group Chairman. On 5 October 2020 the Board approved my appointment as Group Chairman with effect from 8 October 2020. The recruitment and selection of new Independent Non-Executive Directors was also a major priority for the Committee which successfully resulted in the appointment of Jane Lodge, Roisin Brennan and Paul Duffy to the Board.

Remuneration Committee

The Directors' Remuneration Policy was last approved at the Company's 2018 AGM. In the current unprecedented environment, the Company has decided to defer its Remuneration Policy Review to 2022 in accordance with the European (Shareholder Rights) Regulations 2020 ('SRD II'). The decision to defer the policy renewal until 2022 was supported by a thorough review of the current Directors' Remuneration Policy by the Remuneration Committee. This review indicated that the current Directors' Remuneration Policy remains appropriate to support the business, is aligned with shareholders' interests and remains fit for purpose.

Looking ahead

I hope you find this Corporate Governance Report helpful in understanding the arrangements and processes we have in place and what we have done to comply with the recommendations of the Code.

I encourage all shareholders to use their proxy vote in respect of the resolutions, as recommended in the 2021 Circular to be considered at the Company's 2021 AGM which will be held on 6 May 2021 at 11.00 a.m. (the location and form of the meeting will be subject to the prevailing Covid-19 restrictions). This will enable us gain a better understanding of your views. I also welcome questions from shareholders either via our website www.glanbia.com, by e-mail at ir@glanbia.ie or in person at the AGM.

I would like to thank all my colleagues on the Board for their ongoing support and commitment to the business especially during a very tough and unprecedented year navigating the impacts of the Covid-19 pandemic.

I would also like to express my deep thanks for the agility, dedication and commitment that Glanbia employees and particularly our frontline workers and their families, suppliers and customer partners around the world showed in quickly adopting new radical ways of working and who continue to give enormous commitment to keep our supply chain and operations running during the pandemic. As an essential service, the food industry has a critical role to play and we are very focused on continuing to serve our consumers, customers and communities through this global crisis.

Donard Gaynor
Group Chairman

Corporate Governance Report continued

EU Non-Financial Reporting Directive

The Group is required under the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, SI No 360 of 2017 (as amended) to provide disclosures of the following on a comply or explain basis and has done so for the past number of years:

Environmental	Pages 48 to 53 and 60
Social and Employee	Pages 24 to 27 and 53
Health and Safety	Pages 25 and 60
Anti-bribery and Corruption	available on www.glanbia.com
Diversity	Pages 26 and 94

Stakeholder engagement

The approach of the Board to stakeholder engagement aligns with the UK Corporate Governance Code (2018). While not directly applicable to the Glanbia Group due to it being a provision of UK company law, the Board welcomes the fresh stance on stakeholder engagement introduced in 2019 under section 172 of the UK Companies Act 2006. The Board acknowledges the benefits of considering the spirit intended by such provisions as part of its decision making process. Further detail on how the Board engages with its stakeholders is set out on page 27 and pages 74 and 75.

Factor	Relevant disclosures	
The long-term	Page 28 Pages 28 to 29 Pages 21 to 31 Pages 57 and 86 Page 46	Company purpose Business model Strategy Viability statement Dividend policy
Employees	Pages 24 to 26 Page 26 Pages 24 to 27	Our people Diversity and inclusion Employee engagement
Business relationships – suppliers and occupiers	Available on www.glanbia.com Available on www.glanbia.com Page 52	Anti-bribery and corruption Modern slavery Supply chain sustainability
Standard community and environment	Pages 48 to 53 Page 53	Sustainability strategy Our community
High standards of business conduct	Pages 24 to 26 Page 89 Pages 54 to 61, 82 and 87	Culture and values Whistleblowing Internal controls
Shareholders	Pages 27 and pages 74 to 75	Shareholder engagement

UK Corporate Governance Code

The Company has adopted the Irish Corporate Governance Annex (2010) and the UK Corporate Governance Code collectively known as the 'Codes'. A fundamental part of the way the Board conducts its business is embedding the main principles of the Codes and embracing best practice. The Company is reporting in accordance with the 2018 edition of the UK Corporate Governance Code (the 'Code') which applied to Glanbia plc for the first time for the year ended 2 January 2021.

The Board considers that the Company has, throughout the year ended 2 January 2021, complied fully with the provisions of the Codes with the exception of Provision 11 (Composition of the Board of Directors), Provisions 24 and 32 (Composition of Board Committees) and Provision 36 (Post-employment shareholding policy) of the Code. The current composition of the Board reflects the historical shareholding and relationship of the Company with the Society which is documented in the amended and restated Relationship Agreement dated 2 July 2017, the provisions of which were approved by shareholders at the Extraordinary General Meeting held on 22 May 2017.

On 23 February 2021, the Society and the Board agreed a number of changes which will impact the composition and size of the Board over the period between 2021 to 2023 and which will reduce the number of Directors nominated by the Society on the Board from the current level of seven to three and the Board size from 15 to 13 (details of which are set out in the Nomination and Governance Committee Report on page 92). The Board is satisfied that the current composition and size of the Board is justified in our particular circumstances.

The Group Chairman appointed on 8 October 2020 continued as a member of the Audit Committee until 20 January 2021 and will remain as Chairman of the Remuneration Committee until 28 February 2021 to facilitate the completion of the 2020 year end remuneration processes. The Board is satisfied that the approach being taken by the Company is practical as it ensures orderly transition to the new Remuneration Committee chair.

The Remuneration Committee will introduce post cessation of employment share ownership guidelines as part of its Remuneration Policy review during 2021.

A detailed description of how we have applied the principles of the Codes is set out in the following pages including the Audit, Nomination and Governance and Remuneration Committee Reports.

UK Corporate Governance Code

Board Leadership and Company Purpose	Pages 70 to 75
Division of Responsibilities	Pages 76 to 77
Composition Succession and Evaluation	Pages 78 to 81 and 90 to 95
Audit Risk and Internal Controls	Pages 82 and 84 to 89
Remuneration	Pages 96 to 117

Board of Directors and Senior Management

Group Chairman, Executive Directors and Group Secretary

Donard Gaynor

Group Chairman and Non-Executive Director

Age: 64

Term of office
Date of Appointment: 12 March 2013
Tenure: Seven full years

Committee Membership
Nomination and Governance Committee (Chair)
Remuneration Committee (Chair) stepping down on 28 February 2021.
Remuneration Committee (Member)

Skills and Expertise
Extensive knowledge of the food and beverage industry with significant commercial acumen and deep insight into international business.

Experience
Donard Gaynor was appointed Group Chairman on 8 October 2020. Donard Gaynor retired in December 2012 as Senior Vice President of Strategy and Corporate Development of Beam, Inc., the premium spirits company previously listed on the New York Stock Exchange. A Fellow of Chartered Accountants Ireland and the American Institute of Certified Public Accountants, he joined Beam, Inc. in 2003 as Senior Vice President and Managing Director – International. Prior to this, he served in a variety of senior executive leadership roles with The Seagram Spirits & Wine Group in New York and was also Audit Client Services Partner with the New York office of PricewaterhouseCoopers. In November 2016, Donard was appointed Chairman of Hazelwood Demense Limited, 'The Lough Gill Distillery' Company.

Key External Appointments
Chairman of Hazelwood Demesne Limited.

Siobhán Talbot

Group Managing Director and Executive Director (Group Operating Executive)

Age: 57

Term of office
Date of Appointment: 1 July 2009
Tenure: 11 full years

Skills and Expertise
Strong leadership qualities, and deep knowledge of management, finance and strategic planning acquired from a successful career path within Glanbia.

Experience
Siobhán Talbot was appointed as Group Managing Director on 12 November 2013, having been appointed Group Managing Director Designate on 1 June 2013. She was previously Group Finance Director and her role encompassed responsibility for Group strategic planning. She has been a member of the Group Operating Executive since 2000 and the Board since 2009 and has held a number of senior positions since she joined the Group in 1992. She is also a Director of the Irish Business Employers' Confederation (IBEC) and was appointed as a Non-Executive Director of CRH plc effective 1 December 2018. Prior to joining Glanbia, she worked with PricewaterhouseCoopers in Dublin and Sydney. A fellow of Chartered Accountants Ireland, Siobhán graduated from University College Dublin with a Bachelor of Commerce degree and Diploma in Professional Accounting.

Key External Appointments
Non-Executive Director of CRH plc and Director of the Irish Business Employers' Confederation (IBEC).

Mark Garvey

Group Finance Director and Executive Director (Group Operating Executive)

Age: 56

Term of office
Date of Appointment: 12 November 2013
Tenure: Seven full years

Skills and Expertise
Strong background in finance and global executive management and extensive experience in the food and beverage industry.

Experience
Mark Garvey was appointed as Group Finance Director on 12 November 2013. Prior to joining Glanbia he held the position of Executive Vice President and Chief Financial Officer until 2012 with Sara Lee Corporation, a leading global food and beverage company. Mark also held a number of senior finance roles in the Sara Lee Corporation in the US and Europe and prior to that he worked with Arthur Andersen in Ireland and the US. A fellow of Chartered Accountants Ireland and the American Institute of Certified Public Accountants, Mark graduated from University College Dublin with a Bachelor of Commerce degree and Diploma in Professional Accounting and has an Executive MBA from Northwestern University, Illinois.

Key External Appointments
None.

Michael Horan

Group Secretary (Group Operating Executive)

Age: 56

Term of office
Date of Appointment: 9 June 2005
Tenure: 15 full years

Skills and Expertise
In-depth knowledge of financial and management reporting, regulatory compliance, operational and risk matters in a global food and beverage manufacturing and distribution landscape.

Experience
Michael Horan was appointed as Group Secretary on 9 June 2005, having previously held the position of Group Financial Controller since June 2002. He joined the Group in 1998 as Financial Controller of the Fresh Pork business in Ireland. Michael previously worked with Almarai Company in Saudi Arabia and BDO Simpson Xavier. A fellow of Chartered Accountants Ireland, Michael graduated from the National University of Ireland, Galway with a Bachelor of Commerce degree.

Key External Appointments
None.

Corporate Governance Report continued
Board of Directors and Senior Management continued
Senior Independent Director, Non-Executive Directors

Dan O'Connor
Senior Independent Director and Non-Executive Director

Age: 61

Term of office
Date of Appointment: 1 December 2014
Tenure: Six full years

Committee Membership
Audit Committee (Chair)
Nomination and Governance Committee (Member)
Remuneration Committee (Member)

Skills and Expertise
Strong, strategic leadership acquired from 30 years international and financial services sector experience.

Experience
Dan O'Connor is currently Chairman of Activate Capital Limited and a Director of Oriel Windfarm Limited. He is former Chairman of International Personal Finance plc and a former Non-Executive Director of CRH plc. Dan is a former President and Chief Executive Officer of GE Consumer Finance Europe and a former Senior Vice-President of GE. He was Executive Chairman of Allied Irish Banks plc from November 2009 until October 2010. A fellow of Chartered Accountants Ireland, Dan graduated from University College Dublin with a Bachelor of Commerce degree and Diploma in Professional Accounting.

Key External Appointments
Chairman of Activate Capital Limited and Director of Oriel Windfarm Limited.

Patrick Coveney
Non-Executive Director

Age: 50

Term of office
Date of Appointment: 30 May 2014
Tenure: Six full years

Committee Membership
Audit Committee (Member)

Skills and Expertise
Experienced chief executive officer who has gained extensive strategic, corporate development and transactional experience.

Experience
Patrick Coveney is Chief Executive Officer (CEO) of Greencore Group plc, a leading convenience foods manufacturer. Prior to becoming CEO of Greencore, Patrick served as the Chief Financial Officer for Greencore for over two years. Before he joined Greencore, Patrick was Managing Partner of McKinsey & Company in Ireland. Patrick is also Non-Executive Chairman of Core Media Group. He holds an M.Phil and D.Phil from New College Oxford University, where he was a Rhodes Scholar. He also holds a Bachelor of Commerce degree (First Class) from University College Cork. Patrick served as President of the Dublin Chamber of Commerce in 2012, having been a Council member since 2003.

Key External Appointments
CEO of Greencore Group plc and Non-Executive Chairman of Core Media Group.

Roisin Brennan
Non-Executive Director

Age: 56

Term of office
Date of Appointment: 1 January 2021
Tenure: Less than one full year

Committee Membership
Nomination and Governance Committee/Remuneration Committee (Member)

Skills and Expertise
Extensive strategic and financial advisory experience across many sectors including food and FMCG.

Experience
Roisin Brennan is a former Chief Executive of IBI Corporate Finance Ltd and has over 20 years of investment banking experience, particularly advising public companies in Ireland. She brings strong strategic and financial advisory experience across many sectors including food and FMCG to the Board. Roisin is currently a Non-Executive Director of Ryanair Holdings plc, Hibernia REIT plc, Musgrave Group plc and Dell Bank International DAC. Formerly, she was a Non-Executive Director of DCC plc from 2005 until 2016 and is also a former Non-Executive Director of Wireless Group plc, Coillte DAC and The Irish Takeover Panel. A fellow of Chartered Accountants Ireland, Roisin graduated from University College Dublin with a Bachelor of Civil Law degree.

Key External Appointments
Non-Executive Director of Ryanair Holdings plc, Hibernia REIT plc, Musgrave Group plc and Dell Bank International DAC.

Jane Lodge
Non-Executive Director

Age: 65

Term of office
Date of Appointment: 1 November 2020
Tenure: Less than one full year

Committee Membership
Audit Committee /Remuneration Committee (Member)
Remuneration Committee (Chair) effective 1 March 2021

Skills and Expertise
In-depth knowledge of international business, management, corporate transactions, corporate governance and reporting gained from a successful career with Deloitte.

Experience
Jane Lodge is a former Senior Audit Partner of Deloitte with extensive knowledge and experience of international businesses in a wide range of sectors. Jane served on the Deloitte UK Board of Partners and was the UK Manufacturing Industry Lead Partner. She is currently a Non-Executive Director and Audit Committee Chair of DCC plc and Bakkavor Group plc and Senior Independent Director, Audit Committee Chair and Remuneration Committee member of Costain Group plc. She is a former Non-Executive Director and Remuneration Committee member of Devro plc and Sirius Minerals plc. A fellow of the Institute of Chartered Accountants in England and Wales, Jane graduated from University of Birmingham with a BSc in Geology.

Key External Appointments
Non-Executive Director and Audit Committee Chair of DCC plc and Bakkavor Group plc, Senior Independent Director, Audit Committee Chair and Remuneration Committee member of Costain Group plc.

Board of Directors and Senior Management continued

Non-Executive Directors nominated by Glanbia Co-operative Society Limited (the 'Society')

Patsy Ahern

Non-Executive Director nominated by the Society

Age: 63

Term of office
Date of Appointment: 21 June 2018
Tenure: Five full years (over each of his terms)

Skills and Expertise
Extensive knowledge of the global dairy and agribusiness industry and significant experience in the governance and strategic management of a global business gained from his tenure on the Boards of Glanbia Co-operative Society Limited and Glanbia plc.

Experience
Patsy Ahern farms at Sheanmore, Ballyduff Upper, Co. Waterford and previously served two full years on the Board. Patsy has completed the University College Cork Diploma in Corporate Direction.

Key External Appointments
Director of Irish Co-operative Organisation Society Limited.

Vincent Gorman

Non-Executive Director nominated by the Society

Age: 64

Term of office
Date of Appointment: 27 June 2013
Tenure: Seven full years

Skills and Expertise
Extensive knowledge of the global dairy and agribusiness industry and significant experience in the governance and strategic management of a global business gained from his tenure on the Boards of Glanbia Co-operative Society Limited and Glanbia plc.

Experience
Vincent Gorman farms at Ballindrum, Athy, Co. Kildare. Vincent is also Chairman of Progressive Genetics Co-operative Society Limited.

Key External Appointments
Chairman of Progressive Genetics Co-operative Society Limited.

Brendan Hayes

Non-Executive Director nominated by the Society

Age: 60

Term of office
Date of Appointment: 2 June 2017
Tenure: Eight full years (over each of his terms)

Skills and Expertise
Extensive knowledge of the global dairy and agribusiness industry and significant experience in the governance and strategic management of a global business gained from his tenure on the Boards of Glanbia Co-operative Society Limited and Glanbia plc.

Experience
Brendan Hayes farms at Ballyquinn, Carrick-on-Suir, Co. Waterford and previously served four full years on the Board. He was appointed Vice-Chairman of Glanbia Co-operative Society Limited on 8 October 2020. Brendan has completed the University College Cork Diploma in Corporate Direction.

Key External Appointments
None.

Martin Keane

Non-Executive Director nominated by the Society

Age: 65

Term of office
Date of Appointment: 24 May 2006
Tenure: 14 full years

Skills and Expertise
Extensive knowledge of the global dairy and agribusiness industry and significant experience in the governance and strategic management of a global business gained from his tenure on the Boards of Glanbia Co-operative Society Limited and Glanbia plc.

Experience
Martin Keane farms at Errill, Portlaoise, Co. Laois. Martin served as Group Chairman between 1 June 2018 and 8 October 2020, having previously served eight years as Vice-Chairman. Martin retired as Chairman of Glanbia Co-operative Society Limited and as a Director of Ornua Co-operative Limited in October 2020. Martin is also a former President of Irish Co-operative Organisation Society Limited. Martin has completed the ICOS Co-operative Leadership Programme.

Key External Appointments
None.

Corporate Governance Report continued

Board of Directors and Senior Management continued

Non-Executive Directors nominated by Glanbia Co-operative Society Limited (the 'Society')

John G Murphy

Non-Executive Director nominated by the Society

Age: 58

Term of office

Date of Appointment: 29 June 2010

Tenure: 10 full years

Skills and Expertise

Extensive knowledge of the global dairy and agribusiness industry and significant experience in the governance and strategic management of a global business gained from his tenure on the Boards of Glanbia Co-operative Society Limited and Glanbia plc.

Experience

John G Murphy farms at Ballinacoola, Craanford, Gorey, Co. Wexford. John served as Group Vice-Chairman between 2 June 2017 and 8 October 2020. John was appointed Chairman of Glanbia Co-operative Society Limited on 8 October 2020. John is Vice-Chairman of the National Dairy Council and has completed the University College Cork Diploma in Corporate Direction.

Key External Appointments

Vice-Chairman of the National Dairy Council.

Patrick Murphy

Non-Executive Director nominated by the Society

Age: 62

Term of office

Date of Appointment: 26 May 2011

Tenure: Nine full years

Skills and Expertise

Extensive knowledge of the global dairy and agribusiness industry and significant experience in the governance and strategic management of a global business gained from his tenure on the Boards of Glanbia Co-operative Society Limited and Glanbia plc.

Experience

Patrick Murphy farms at Smithstown, Maddoxtown, Co. Kilkenny. Patrick stepped down as Group Vice-Chairman on 8 October 2020 having served as a Vice-Chairman for over five years over two separate terms. He is Vice-Chairman of Glanbia Co-operative Society Limited. Patrick is a Director of Farmer Business Developments plc.

Key External Appointments

Director of Farmer Business Developments plc.

John Murphy

Non-Executive Director nominated by the Society

Age: 61

Term of office

Date of Appointment: 8 October 2020

Tenure: Less than one full year

Skills and Expertise

Extensive knowledge of the global dairy and agribusiness industry and significant experience in the governance and strategic management of a global business gained from his tenure on the Boards of Glanbia Co-operative Society Limited and Glanbia plc.

Experience

John Murphy farms at High Down Hill, Newcastle, Co Dublin.

Key External Appointments

None.

Composition of the Board

- Group Chairman
- Non-Executive Directors nominated by Glanbia Co-operative Society Limited
- Other Non-Executive Directors
- Executive Directors

Directors' tenure on the Board

- Less than 3 years
- Between 3 and 6 years
- Between 6 and 9 years
- Over 9 years

Board gender diversity

- Male
- Female

Senior Management
Group Operating Executive

Jim Bergin
CEO Glanbia Ireland

Age: 58

Term of office
Date of Appointment: 2 July 2017
Tenure: Three full years

Skills and Expertise
Strong leadership qualities, and deep knowledge of management, finance and strategic planning acquired from a successful career within Glanbia Ireland.

Experience
Jim Bergin was appointed as Director and CEO of Glanbia Ireland, a joint venture of the Group, in 2017 having previously been Director and CEO of Glanbia Ingredients Ireland since 2012. He worked for the Group between 1984 and 2012 and held a number of senior positions during that time. Jim retired as Director of Ornua Co-operative Limited in October 2020. Jim graduated from University College Cork with a Bachelor of Commerce degree and has a M.Sc. in Management Practice from Smurfit Business School.

Key External Appointments
None.

Hugh McGuire
CEO Glanbia Performance Nutrition

Age: 50

Term of office
Date of Appointment: 1 June 2013
Tenure: Seven full years

Skills and Expertise
Experienced chief executive officer who has extensive strategic, corporate development and acquisition experience. Strong leadership qualities acquired from a successful career within Glanbia.

Experience
Hugh McGuire is CEO of Glanbia Performance Nutrition. Hugh was appointed to the Board on 1 June 2013 and served as a Director of the Company between June 2013 and April 2019. Hugh joined the Group in 2003 and has been CEO of Glanbia Performance Nutrition since 2008. Prior to that he held a number of senior management roles in the Group. He previously worked for McKinsey & Company as a consultant across a range of industry sectors. Prior to this he worked in the consumer products industry with Nestle and Leaf. Hugh graduated from University College Dublin with an M.Sc. in Food Science. He has a Diploma in Finance from the Association of Chartered Certified Accountants Ireland.

Key External Appointments
None.

Michael Patten
Group Human Resources & Corporate Affairs Director

Age: 58

Term of office
Date of Appointment: 11 December 2014
Tenure: Six full years

Skills and Expertise
A deep understanding of the Group's global reputation, public affairs, sustainability agenda and how shareholders and other audiences are viewing the business.

Experience
Michael Patten is Group Human Resources & Corporate Affairs Director and has responsibility for Group Human Resources, strategic leadership of the Group's global reputation, public affairs and sustainability agenda. Prior to joining the Group, Michael was Global Public Affairs Director with Diageo plc. He previously served with the Group as Director of Communications. Michael holds a BA in Communication Studies from Dublin City University and is an Honorary Life Fellow of the Public Relations Institute of Ireland.

Key External Appointments
None.

Brian Phelan
CEO Glanbia Nutritionals

Age: 54

Term of office
Date of Appointment: 1 January 2004
Tenure: 17 full years

Skills and Expertise
Experienced chief executive officer who has extensive strategic, commercial and corporate development experience. Strong leadership qualities acquired from a successful career within Glanbia.

Experience
Brian Phelan was appointed as CEO of Glanbia Nutritionals on 1 June 2013 and served as a Director of the Company between January 2013 and April 2019. Brian was previously Group Human Resources & Operations Development Director from 2004 to 2012. He is the Chairman of Glanbia Cheese Limited. Since joining the Group in 1993, he has held a number of senior management positions. Prior to this, he worked with KPMG. He graduated from University College Cork with a Bachelor of Commerce degree and is a fellow of Chartered Accountants Ireland.

Key External Appointments
None

Corporate Governance Report continued
Board Leadership and Company Purpose
2020 Board Highlights

During 2020 the Board remained committed to its purpose to deliver better nutrition for every step of life's journey. The following pages offer some insight into the broad range of matters reviewed and discussed by the Board during the year and how the Board uses its meetings as a mechanism for discharging its duties. A description of how the Board engaged with our key stakeholders is also provided.

Strategy and Corporate Development

How Board/Committee has had regard to stakeholder interests | **Stakeholder Groups**

Strategic Response to the Covid-19 Pandemic

During the Covid-19 pandemic we maintained a strategic focus across the Group; broadened the ambition within the transformation programme in Glanbia Performance Nutrition (GPN) as the pandemic accelerated trends, such as health and wellness and eCommerce. The Board broadened the reach of this programme to drive further opportunities across all aspects of the business and we continued to scale our capabilities in Glanbia Nutritionals (GN). Several additional unscheduled Board meetings were held throughout the year to monitor the implications of the Covid-19 pandemic and guide the business appropriately.

Further details are available on pages 16 to 20, 24 and 32 to 47

Stakeholders: Employees, investors, governments and regulators, consumers, suppliers, communities and charities.

Contributions: Long-term results, employees, business relationships and reputation.

Glanbia Performance Nutrition Transformation

The Board oversaw and monitored the significant transformation initiative in the GPN business to address the challenges encountered in 2019 while focusing on a return to revenue growth and delivery of an overall margin improvement ambition by 2022. A global management consulting firm was retained to advise and support this initiative.

The Board received regular progress updates throughout the year on the planned benefits, and related investment and exceptional costs arising as a result of the transformation process and where relevant, any implications of the Covid-19 pandemic on the strategic ambition of GPN were reviewed and addressed.

Further details are available on pages 19 and 32 to 35

Stakeholders: Investors, employees, consumers and suppliers.

Contributions: Long-term results, business relationships and reputation.

Foodarom Acquisition

Following consideration of the proposed transaction, its strategic fit and key information and financial dynamics, the Board approved the acquisition of Foodarom, a Canadian flavours business that is focused on segments complementary to Nutritional Solutions.

Further details are available on pages 20 and 36 to 39

Stakeholders: Employees, investors, consumers and suppliers.

Contributions: Long-term results and business relationships.

Share Buyback Programme

The Board approved the launch of a share buyback programme of up to €50 million of Glanbia shares. 93% shareholder approval was obtained at the Company's 2020 Annual General Meeting ('AGM') to implement the share buyback programme, however the relevant waiver resolutions required under Rule 9 and Rule 37 of the Irish Takeover Panel Act 1997, Takeover Rules 2013 were passed by 56% and 70% approval respectively of the independent shareholders. In accordance with the UK Governance Corporate Code (2018) Glanbia engaged with shareholders to understand better shareholder reasons behind a vote less than 80% and published an update to shareholders on that consultation process as part of its 2020 half year results release to the market.

A number of investors had a preference that the Company not engage in a buyback due to shareholder concentration concerns and prudent capital preservation. In light of this, the Board delayed launching a share buyback until 9 November 2020 when the Company was successfully navigating the crisis and was in a strong financial position due to its cash flow. The holding of Glanbia Co-operative Society Limited (the 'Society'), the Company's largest shareholder has increased by less than 0.6%, as a result of the largest concentration from this share buyback programme. At the end of 2020, the Company had repurchased 1,643,907 ordinary shares at a total cost of €16.6 million. This buyback programme has continued in 2021. The Board will seek to renew shareholder authorisation for a share buyback programme at the 2021 AGM.

Further details are available on pages 42 to 47 and 120

Stakeholders: Investors, employees, consumers and suppliers.

Contributions: Long-term results and business relationships.

Strategy and Corporate Development continued

How Board/Committee has had regard to stakeholder interests	Stakeholder Groups
Glanbia Ireland DAC and Royal A-ware Joint Venture The Board approved a strategic joint venture between Glanbia Ireland DAC and Royal A-ware, a leading global cheese and dairy producer based in the Netherlands, to build a new continental cheese manufacturing facility at Belview, Co. Kilkenny. Once fully commissioned the new facility will have a processing capacity of 533 million litres of milk per annum together with the creation of approximately 80 full time jobs at the facility. The milk for the new facility will be sourced exclusively from Glanbia Ireland and the cheese will be marketed to global customers. Further details are available on pages 40 to 41 and 46	**Stakeholders:** Investors, employees, consumer, suppliers and communities. **Contributions:** Long-term results and business relationships.
Diversity and Inclusion Policy During 2020, a working group was established tasked with developing a Diversity and Inclusion (D&I) strategy for Glanbia, under the executive sponsorship of Group Finance Director, Mark Garvey. The work was supported by Mix Diversity, a specialist UK-based D&I advisory firm. In September 2020, a D&I survey was undertaken. The information from the survey was taken into consideration in the D&I strategy which was brought to the Board for input and approval. Further details are available on pages 26 and 94	**Stakeholders:** Employees, investors, governments and regulators, consumers and suppliers. **Contributions:** Long-term results, employees, business relationships and reputation.
Procurement Policy To support our growth and innovation ambitions, a formal procurement policy was adopted to assist the Group in securing high-quality goods and services at a competitive value while minimising risk. The Board approved a transition to a fully electronic ordering and invoicing model using SAP Ariba as its principal system for transacting with suppliers for both direct and indirect spend. This means that all purchase order confirmations, advance shipping notes and invoices can now be exchanged electronically. By the end of 2020, 80% of all transactions between the Group and its supplier base occurred electronically. Further details are available on pages 52	**Stakeholders:** Employees, investors, consumers, suppliers and communities **Contributions:** Long-term results, employees, business relationships and reputation.
Sustainability In 2020 the Group Operating Executive established a group-wide strategy team to advance target setting in our most material environmental pillars: carbon, water and waste under the sponsorship of Group Human Resources & Corporate Affairs Director, Michael Patten. A community of internal subject matter experts, supported by external advisors including Carbon Trust, EM3, Harbor Environmental and Authenticity delivered recommendations that were adopted by the Board and sees Glanbia set an ambitious commitment to decarbonise our operations and our supply chain, tackle water risk, and evolve our waste commitments. Further details are available on pages 48 to 53	**Stakeholders:** Employees, investors, governments and regulators, consumers and suppliers. **Contributions:** Long-term results, employees, business relationships and reputation.

Operational and Financial Performance

How the Board/Committee had regard to stakeholder interests	Stakeholder Groups
Financing and Refinancing The Board approved new financing facilities and amended and renewed existing facilities. During the year, the Group extended the maturity date of committed debt facilities considerably by arranging US$375 million new facilities, maturing March 2028 – December 2031 and replaced existing indebtedness with US$180 million of facilities, maturing January 2024 (total US$555 million). These facilities were used to repay US$351 million of shorter maturing indebtedness in December 2020 and will additionally be used to repay US$156 million indebtedness maturing June 2021. Accordingly, of €1.23 billion committed debt facilities at 2020 year end, the Group had €1.10 billion facilities with a weighted average maturity of 4.8 years and an earliest maturity date of January 2024 (2019: €1.2 billion committed debt facilities, weighted average maturity of 2.8 years). Further details are available on page 46	**Stakeholders:** Employees, investors, governments and regulators, consumers, suppliers and communities. **Contributions:** Long-term results, employees, business relationships and reputation.

Corporate Governance Report continued
Board Leadership and Company Purpose continued
2020 Board Highlights

Operational and Financial Performance continued

How the Board/Committee had regard to stakeholder interests | **Stakeholder Groups**

Operational Response to the Covid-19 Pandemic

Since the beginning of the Covid-19 pandemic the Board received regular updates and continues to monitor the implications of the pandemic for the business, our employees and stakeholders. Group-wide business continuity planning was put in place managed by the Group Business Continuity Planning (BCP) team, Business Unit BCP teams and Group Crisis Control Team (CCT).

The BCP priorities were:
1. Protect our people;
2. Maintain operations and service our customers and consumers; and
3. Manage our financial resources.

The Group continuously monitored and mitigated against all risks related to the Covid-19 pandemic. The Group also successfully adopted new and radical ways of operating throughout the pandemic. Stringent protocols to protect employees, operations and keep our essential supply chains running were implemented.

The Board met more frequently to monitor Group performance as the Covid-19 pandemic progressed. On 22 April 2020 we withdrew our 2020 full year financial guidance due to the uncertainty of the duration and impact of the pandemic. Guidance remained withdrawn for the whole of 2020.

A mitigation plan was developed in the event trading were to deteriorate significantly which involved reviewing all discretionary spend, the acquisition pipeline and capital expenditure phasing.

We ensured that many of the initiatives, which commenced during 2019 to simplify business and focus on cost containment and margin improvement across the Group continued. All these measures provided a solid platform to help mitigate the Covid-19 challenges of 2020.

In March 2020, it was decided to mobilise a Glanbia-wide procurement group to ensure that critical items could be sourced globally if appropriate, to allow sharing and leverage of the global supply base in the event of supply constraints and to give an overview of critical stock levels. This team comprised of procurement team members from across our business units.

The Board also reviewed and monitored the HR management of the Covid-19 pandemic in terms of setting up the policies, systems, processes, equipment, training, monitoring and corrective actions to protect employees. A comprehensive set of health and safety measures was implemented at all operational sites including health monitoring, occupational health support, employee welfare supports, physical distancing, hygiene and personal protection equipment, temperature checking and sanitation measures.

Further details are available on pages 32 to 47

Stakeholders: Employees, investors, governments and regulators, consumers, suppliers and communities.

Contributions: Long-term results, employees, business relationships and reputation.

Cash Flow

From the onset of the Covid-19 pandemic, the Group's financial priority was its financial strength, and this delivered strong operating cash flow performance. During the year, the Group acquired Foodarom and spent €48 million on strategic capital expenditure. In addition the strong cash flow enabled a dividend payout ratio of 36.1% and the launch of a €50 million share buyback programme.

An interim dividend of 10.68 cent per share was paid on 2 October 2020 to shareholders on the share register at the close of business on 21 August 2020. (HY 2019: 10.68 cent per share). The Board is recommending a final dividend of 15.94 cent per share which brings the total dividend for the year to 26.62 cent per share, in line with the prior year. This total dividend represents a return of over €78 million to shareholders from 2020 earnings and a payout ratio of 36.1% of 2020 adjusted Earnings Per Share. While the planned 2020 dividend payout ratio is marginally ahead of the target payout ratio of 25% to 35%, the Board has decided to maintain the dividend in line with prior year due to the strong cash performance during 2020, the reduction in net debt during the year and the robust financial position of the Group. The final dividend will be paid on 7 May 2021 to shareholders on the share register on 26 March 2021.

Further details are available on pages 45 to 46

Stakeholders: Employees, investors, governments and regulators, consumers, suppliers and communities.

Contributions: Long-term results, employees, business relationships and reputation.

Operational and Financial Performance continued

How the Board/Committee had regard to stakeholder interests	Stakeholder Groups
MWC Michigan In 2020 the Board continued to monitor the progress of MWC (part of the MWC-Southwest Holdings joint venture) in Michigan. This joint venture between Glanbia Nutritionals, Dairy Farmers of America, Inc. (DFA), and Select Milk Producers Inc., will result in one of the most technically advanced dairy processing facilities in the US. Designed and built over a two-year period, the new $470 million state-of-the-art cheese and whey plant in St. Johns, Michigan commenced its commissioning phase on 21 October 2020 and will be fully commissioned by Q2, 2021. When fully operational, the 375,000 square foot facility based on a 120 acre site will process 3.6 million litres of milk per day (8 million pounds) into a range of superior quality block cheese and value-added whey products. The Board received regular updates on the progress of this project throughout the year. Further details are available on pages 40 to 41 and 46	**Stakeholders:** Employees, investors, governments and regulators, consumers, suppliers and charities. **Contributions:** Long-term results, employees, business relationships and reputation.
Glanbia Cheese EU In 2018, the Board approved the €130 million investment in a new mozzarella cheese plant in Portlaoise by the new joint venture, Glanbia Cheese EU a partnership with Leprino Foods Company. It is planned that Glanbia Cheese EU will begin operations in 2021 and will produce 45,000 tons of mozzarella every year. The Board received regular updates on the progress of this project throughout the year. Further details are available on pages 40 to 41 and 46	**Stakeholders:** Employees, investors, governments and regulators, consumers, suppliers and communities. **Contributions:** Long-term results, employees, business relationships and reputation.

Investors Relations, Governance and Legal

How Board/Committee has had regard to stakeholder interests	Stakeholder Groups
Board Composition and Size There was a refreshment and reconstitution of the Board during the year. In accordance with the Relationship Agreement, an Independent Non-Executive Director was appointed as Group Chairman and there was a reduction in the number of Society Nominee Directors on the Board from eight to seven. These changes reduced the overall Board size from 16 to 15. We also welcomed three new Independent Non-Executive Directors to the Board during 2020 and early 2021 following the decision of three Independent Non-Executive Directors to step down as Board Members. The composition and size of the Board was reviewed in February 2021, details of which are contained on page 78. Further details are available on pages 65 to 68 and 90 to 95	**Stakeholders:** Employees, investors, consumers, and suppliers. **Contributions:** Long-term results, employees, business relationships and reputation.
Board Committees Following the appointment of a new Independent Group Chairman and the appointment of two new Independent Non-Executive Directors during the year it was timely to carry out a review of the Board Committees to maintain compliance with the UK Corporate Governance Code, balance Committee membership across the Independent Non-Executive Directors and to ensure diversity in each of the three Board Committees. Committee changes approved by the Board are set out in detail in the Nomination and Governance Committee Report on page 92. Further details are available on pages 65 to 68 and 90 to 95	**Stakeholders:** Employees, investors, consumers, and suppliers. **Contributions:** Long-term results, employees, business relationships and reputation.
Board Evaluation In 2019, taking into account the significant changes to the Board, it was decided to carry out two successive annual external reviews, with the evaluation spanning two years, 2019 and 2020, rather than the usual one year review to ensure a consistent approach to development. The Board engaged external consultants 'Independent Audit' to undertake this evaluation. The evaluation carried out in 2019 was questionnaire based. The 2020 evaluation was interview based and included observations of meetings. Further details are available on pages 80 to 81	**Stakeholders:** Employees, investors, consumers, and suppliers. **Contributions:** Long-term results, employees, business relationships and reputation.
Investor Relations The Senior Independent Director led the investor engagements on the share buyback programme and the subsequent shareholder consultation process as required by the UK Corporate Governance Code (2018). The new Group Chairman has actively completed numerous investor engagements following his appointment to the Chair to formally introduce himself to investors. Both engagements covered a shareholder base representing approximately 70% of the Company's equity. Further details are available on page 47	**Stakeholders:** Investors and proxy advisers. **Contributions:** Long-term results, employees, business relationships and reputation.

Corporate Governance Report continued
Board Leadership and Company Purpose continued
Board Members' Stakeholder Engagement

Understanding and engaging with our stakeholders

Understanding the views and interests of our key stakeholders is important to the Board. We have taken steps to consider stakeholders' views in Board discussions and decision making, as described in the following two pages. In addition to direct Board engagement, significant levels of engagement are undertaken by the broader businesses.

Customers and Consumers

As people worldwide embrace healthy living, demand is growing for protein-rich, convenient and nutritious foods. We are constantly exploring new ways to meet consumers' and customers needs by listening to our consumers' needs and collaborating with our customers.

We believe that good nutrition should be accessible, so that everyone can eat well and meet their nutritional needs.

How we engage:
- We evaluate insights from customer and consumer research gathered as part of our stakeholders' surveys;
- As a Board, we assess recommendations in respect of our brands' positioning;
- We receive updates on key customer relationships; and
- We assessed detailed consumer analysis on our key brands OPTIMUM NUTRITION™ and SLIMFAST™. We focus on household penetration, net promoter scores and consumption rates.

Suppliers

We aim to sustainably source all raw materials. We are committed to excellence in food safety and quality and adhere to international standards at our manufacturing sites. We take environmental stewardship seriously, supporting our suppliers and safeguarding animal welfare and life on land.

Our suppliers must be compliant with the regulations and social customs of the countries in which they operate.

How we engage:
- In 2020, the Board agreed a new and ambitious 10 year sustainability strategy with progressive stakeholder targets;
- The Board receives updates on the operation of the Group procurement function and supply chain priorities and initiatives; and
- We continuously engage with dairy producers as part of the review of our joint venture operations.

Society

Our vision is to have a positive social and economic impact on our communities, by promoting health and wellbeing. We make nutrition accessible, with innovative products that support a healthy, active life. We educate and advocate, sharing our knowledge with employees, consumers, governments and the world at large. Day-to-day, we bring opportunities to the communities we operate in and support the causes that matter to them, continuing a long tradition that goes back to our co-operative roots.

How we engage:
- We receive progress updates against sustainability targets including environment, supply chain and society programmes;
- We support and receive updates on Glanbia's involvement in local communities and charitable partnerships; and
- Our flagship partnership with Breast Cancer Ireland raises thousands of euro for breast cancer research each year.

Main shareholder events in 2020

2020

Annual General Meeting
We held our Annual General Meeting (AGM) as a virtual event in 2020. The AGM was broadcast as an audiocast at which the Group Chairman and Group Managing Director presented Group information.

Investor conferences
Throughout the year the Group participated in 10 investors conferences all in a virtual setting.

Investor engagement on share buyback
Our Senior Independent Director Dan O'Connor led and completed a series of investor engagement events on Glanbia's share buyback. This engagement covered a shareholder base holding approximately 70% of the Company's equity.

People

How do we engage with our people?

Dedicated Workforce Director
Our Workforce Director Donard Gaynor attended a series of virtual workforce engagement meetings in 2020. He reviewed the findings of our employee engagement surveys and was involved in the development of our Diversity and Inclusion strategy.

Culture
The Board and senior management team act with integrity and lead by example promoting our culture to our employees through living our values. Our Glanbia recognition awards is an opportunity to recognise employees who live our values.

Employee surveys
We continuously listen to our employees. We act on their feedback leveraging insights from our surveys into leadership development programmes and engagement initiatives.

'Townhall' meetings
In 2020 we held virtual roadshows across the US, Europe and Asia Pacific. We engaged with thousands of employees at these town hall-style meetings. Following his appointment, Group Chairman Donard Gaynor participated in the leadership team meetings.

Intranet
Our global intranet is one of our main internal communications channels. Our Group Managing Director, Siobhán Talbot regularly communicates with our employees through the 'Our Glanbia' platform, which also publishes the Group's financial results and Company announcements.

Career development
We develop our leaders through a range of leadership programmes for all levels. Our Talent Centre of Excellence leads the way. We run training days each year across the Group, including Leading the Glanbia Way and Reverse Mentoring.

Responsible business
We strive to be a responsible business; one which benefits society and addresses the negative impacts it might have on society, people and the planet. In 2020 we committed to our 2030 'Pure Food + Pure Planet' sustainability strategy.

Whistleblowing
Employees can raise concerns with a member of the management team in their business unit or with the Group Secretary or with the Group's externally managed and confidential SafeCall service provider.

2020

Half Year Results
Coinciding with the release of our half-year results, investors were updated on our financial targets, strategic goals and governance procedures.

Briefing from Corporate Broker
Following Donard Gaynor's appointment as Group Chairman, he received a briefing from the Group's Corporate Broker on external market perspectives on Glanbia.

Chairman engagement
Donard Gaynor completed a series of engagements with a number of investors, including Glanbia Co-operative Society Limited following his appointment as Group Chairman. These engagements covered a shareholder base holding approximately 70% of the Company's equity.

Corporate Governance Report continued
Division of Responsibilities

Board

Board Committees

Audit Committee

Key activities: review of Annual Report and Financial Statements and statutory Auditor's independence and fees, internal controls, risk management systems, post-acquisition reviews and the effectiveness of the Group Internal Audit and Group Finance functions.

Nomination and Governance Committee

Key activities: making recommendations on appointments to the Board (including the Group Chairman), senior management succession planning, review of the independence and time commitment of Non-Executive Directors and keeping under review corporate governance developments to ensure Group governance practices remain in line with best practice.

Remuneration Committee

Key activities: review of Executive Directors' salaries and benefits, approval of annual incentive targets, long-term incentive share awards, review of Non-Executive Directors' fees and compliance with the relevant codes.

Managing Director

Group Management

Group Operating Executive

This group is comprised of the two Executive Directors, the Group Secretary, the CEO of Glanbia Performance Nutrition, the CEO of Glanbia Nutritionals, the Group Human Resources & Corporate Affairs Director and the CEO of Glanbia Ireland. Key activities: monitoring performance and making strategic recommendations to the Board. This forum is also the Group Risk Committee and the Group Investment Committee.

Group Senior Leadership Team

This team includes the Group Operating Executive and the Group's senior business and functional leaders. Key activities: to create alignment and drive delivery of the Group's business plans.

The Disclosure Committee is in place to oversee the timely and accurate disclosure of all information required to be so disclosed by the Company to meet the legal and regulatory obligations required by its stock exchange listings. It also continues to assist in the design, implementation and periodic evaluation of disclosure controls and procedures.

The following are the key matters reserved for the Board:

- Approval of the Group's strategic plan, oversight of the Group's operations and review of performance in light of the Group's strategy, objectives, business plans and budgets, ensuring that any necessary corrective/transformative action is taken;
- Ultimate oversight of risk, including determining the Group's risk profile and risk appetite;
- Approval of acquisitions, disposals and other transactions outside delegated limits;
- Financial reporting and controls, including approval of the Half-Year Results, Interim Management Statements and Full-Year Results, approval of the Annual Report and Financial Statements, approval of any significant changes in accounting policies or practices and ensuring maintenance of appropriate internal control and risk management systems;
- Ensuring the Annual Report and Financial Statements present a fair, balanced and understandable assessment of the Group's position and prospects and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy;
- Assessment of the Group's viability and ability to continue as a going concern;
- Capital expenditure, including annual approval of capital expenditure budgets and any material changes to them in line with the Group-wide policy on capital expenditure;
- Dividend policy, including annual review of the dividend policy and declaration of the interim dividend and recommendation of the final dividend;
- Shareholder documentation, including approval of resolutions and corresponding documentation to be put to the shareholders and approval of all press releases concerning matters decided by the Board; and
- Key business policies.

Board meeting attendance

The Board held 6 scheduled meetings and 13 unscheduled meetings in 2020 with Board member meeting attendance as follows:

Director	Appointed	Years on the Board	Scheduled	Unscheduled
D Gaynor	12 March 2013	7	6/6	13/13
S Talbot	01 July 2009	11	6/6	13/13
P Ahern (Note 1)	21 June 2018	5	6/6	13/13
R Brennan	1 January 2021	< 1	0/0	0/0
P Coveney	30 May 2014	6	6/6	11/13
J Daly (Note 2)	1 May 2019	1	5/5	9/11
J Doheny (Note 3)	1 June 2018	6	2/2	5/5
M Garvey	12 November 2013	7	6/6	13/13
V Gorman	27 June 2013	7	6/6	12/13
B Hayes (Note 4)	2 June 2017	8	6/6	13/13
Mn Keane	24 May 2006	14	6/6	13/13
R Laube (Note 5)	1 May 2019	< 1	0/1	1/2
J Lodge	1 November 2020	< 1	1/1	2/2
M Minnick (Note 6)	1 May 2019	1	6/6	12/13
JG Murphy	29 June 2010	10	6/6	13/13
J Murphy	8 October 2020	< 1	2/2	3/3
P Murphy	26 May 2011	9	6/6	13/13
D O'Connor	1 December 2014	6	6/6	13/13
E Power (Note 7)	2 June 2017	16	2/2	4/5

1. P Ahern retired from the Board on 1 June 2018 and was re-appointed to the Board on 21 June 2018 having previously served two full years on the Board.
2. J Daly stepped down from the Board on 1 November 2020.
3. J Doheny was re-appointed to the Board on 1 June 2018 having previously served five full years on the Board and retired on 22 April 2020.
4. B Hayes was re-appointed to the Board on 2 June 2017 having previously served four full years on the Board.
5. R Laube stepped down from the Board on 28 February 2020.
6. M Minnick stepped down from the Board on 31 December 2020.
7. E Power was re-appointed to the Board on 2 June 2017 having previously served 13 full years on the Board and retired on 22 April 2020.

Board responsibilities

To ensure that the Group operates efficiently and effectively, the Directors, the Group Secretary and the Group Operating Executive have clearly defined responsibilities which are set out below. There is a clear division of responsibility between the Group Chairman and the Group Managing Director.

Donard Gaynor, Group Chairman
- Leads the Board, sets the agenda and promotes a culture of open debate between Executive and Non-Executive Directors and sets the highest standards of corporate governance;
- Regularly meets with the Group Managing Director and other senior management to stay informed; and
- Ensures effective communication with our stakeholders.

Siobhán Talbot, Group Managing Director
- Develops and implements strategy and chairs the Group Operating Executive;
- Leads the Group through the Group Operating Executive; and
- Promotes the purpose, vision and values of the organisation internally and externally.

Dan O'Connor, Senior Independent Director
- Provides a sounding board to the Group Chairman and appraises his performance;
- Acts as intermediary for other Directors, if needed; and
- Is available to respond to shareholder concerns when contact through the normal channels is inappropriate.

Mark Garvey, Group Finance Director
- Manages the effectiveness and profitability of the Group including financial and operational risk management;
- Develops appropriate capital and corporate structures to ensure the Group's strategy is met; and
- Oversees Group corporate development.

Non-Executive Directors
- Provide independent insight based on relevant experience;
- Contribute to developing strategy; and
- Scrutinise and constructively challenge business performance and strategic execution.

Michael Horan, Group Secretary
- Monitors the Group's compliance with legal, regulatory, governance, ethics, policy and procedural matters;
- Ensures that the correct Board procedures are followed. In conjunction with the Group Chairman, ensures that the Directors receive timely and clear information so that the Directors are equipped for robust debate and informed decision making; and Supports the Group Chairman by organising induction and training programmes for Directors.

Group Operating Executive
- With the Group Managing Director, develops and executes the Group's strategy in line with the policies and objectives agreed by the Board;
- Manages operational effectiveness and profitability of the Group; and
- Is the Group Risk Committee and Group Investment Committee.

Read more on pages 65 to 69

Corporate Governance Report continued
Composition, Succession and Evaluation

The Board has a clear governance framework with defined responsibilities and accountabilities which ensures that policies and procedures set at Board level are effectively communicated across the whole Group. The Board has established certain principal Committees to assist it in fulfilling its oversight responsibilities, providing detailed focus on particular areas as set out in the respective Committee Reports that follow.

Information for the Board
The Group Chairman, with the assistance of the Group Managing Director and the Group Secretary, is responsible for ensuring that Directors are supplied with information in a timely manner and of an appropriate quality that enables them to discharge their duties. Board papers are published seven days prior to each meeting to ensure the Board has sufficient time to read the papers and presentations and be prepared in advance of the meeting. In the normal course of business, such information is provided by the Group Managing Director in a regular report to the Board that includes information on operational matters, strategic developments, financial performance relative to the business plan, business development, corporate responsibility and investor relations.

Each scheduled Board meeting follows a carefully tailored agenda agreed in advance by the Group Chairman, the Group Managing Director and the Group Secretary. At each scheduled Board meeting, the Group Managing Director, the Group Finance Director and CEOs of the Group's two global growth platforms, Glanbia Performance Nutrition (GPN) and Glanbia Nutritionals (GN), provide detailed operational and financial updates. Depending on the nature of the agenda item to be considered, other Senior Executives are invited to make presentations or participate in Board discussions to ensure that Board decisions are supported by a full analysis.

Throughout the year the Chairmen of the Audit, Nomination and Governance and Remuneration Committees updated the Board on the proceedings of their meetings, including the key discussion points and any particular areas of concern.

All Directors have access to the advice and services of the Group Secretary, who is responsible for advising the Board on all governance matters. The Directors also have access to independent professional advice, if required, at the expense of the Group. This is coordinated through the Group Secretary.

Board structure
The Board currently comprises 14 Directors: two Executive Directors, the Group Chairman and 11 Non-Executive Directors of whom seven are currently nominated by Glanbia Co-operative Society Limited (the 'Society'). There are currently four other Independent Non-Executive Directors. Paul Duffy, Independent Non-Executive Director, joins the Board effective 1 March 2021 bringing the Board size to 15.

Avonmore Foods plc and Waterford Foods plc merged in 1997 to form Glanbia plc, the Company. At the same time, their respective major shareholders also merged to form the Society. The Society retains a major shareholding in the Company and currently nominates from its board of directors up to seven Non-Executive Directors for appointment to the Board of the Company. On 23 February 2021, the Society and the Board agreed a number of changes which will impact the composition and size of the Board over the period between 2021 to 2023 and which will reduce the number of Directors nominated by the Society on the Board from the current level of seven to three and the Board size from 15 to 13 (details of which are set out in the Nomination and Governance Committee Report on page 92).

Our Directors come from diverse backgrounds, ranging from corporate finance, accountancy and banking to industry (dairy, fast moving consumer goods and production).

Appointments to the Board: policy, diversity and succession planning
During 2018, the Board approved a Board Diversity Policy which recognises the benefits of diversity. Having regard to the right of the Society to nominate Directors to the Board, the Nomination and Governance Committee keeps the Board's balance of skills, knowledge, experience and the tenure of Directors under constant review. The Group has agreed that as new Director appointments are made, the target is that a minimum of 50% of the Independent of the Society Non-Executive Directors will be female. The Group has progressed this in 2020 and to date in 2021 with two of its three most recent appointments being female. In respect of succession planning and maintaining the skill set of the Board, there is an established procedure for the appointment of new Directors and Senior Executives. The Nomination and Governance Committee identifies the set of skills and experience required. Individuals are then selected on the basis of required competencies, irrespective of gender, age, nationality or other personal characteristics. External search agencies are engaged to assist where appropriate. The Company also has a formal policy with respect to the appointment of new Independent Non-Executive Directors (other than those nominated by the Society). The policy provides that any new Independent Non-Executive Directors will be appointed for an initial three-year term, subject to re-appointment by shareholders at each AGM and should expect to serve no more than three successive three-year terms i.e. a maximum of nine years. All new Independent Non-Executive Directors, and any re-appointments, will be subject to a rigorous review by the Committee after each three-year term and annually after six years.

Induction and Board development
A robust induction and site visits pre-pandemic are an integral part of performing one's duties as a Director. They are invaluable in enabling Board members to develop a greater understanding of the opportunities and challenges affecting the business, leading to more informed discussions around the Board table.

The Company puts full, formal and tailored induction programmes in place for all of its new Directors. While Directors' backgrounds and experience are taken into account, the induction programme is aimed to be a broad introduction to the Group's businesses and its areas of significant risk. Key elements include meeting the Executive Directors and senior management as well as visiting the Group's main sites to be briefed on Group strategy and on their individual businesses. John Murphy joined the Board on 8 October 2020, Jane Lodge joined the Board on 1 November 2020 and Roisin Brennan joined the Board on 1 January 2021. Each new Director received an extensive and thorough induction involving one-to-one virtual meetings with the Group Chairman, Group Managing Director, the Group Finance Director and other members of senior management from various Group functions including Group Treasury, Group Tax and Group HR.

They also met virtually with the Group Secretary who explained the obligations of a Director of an Irish and UK listed company, and the relevant rules, regulations, and supporting governance processes at Glanbia.

As part of their induction, they also met virtually with the CEOs of GPN and GN. Each CEO provided an introductory presentation of their business to the new Directors and members of the senior leadership teams of both businesses also gave business overview presentations to them.

New Director induction usually requires Directors to undertake site visits but due to the travel restrictions imposed by the Government in respect of foreign travel as a result of the Covid-19 pandemic, site visits have been deferred until it is deemed safe to travel. Future engagements will be planned with the CEOs and members of the senior leadership teams of both businesses. The Group Chairman regularly encourages the Non-Executive Directors to update their skills, expertise and knowledge of the Group in order to carry out their responsibilities competently. This is achieved by regular presentations at Board meetings from senior management on matters of significance. Examples during the year included regular presentations from senior management of our two wholly-owned business segments GPN and GN and from our strategic joint ventures. The Board and Committees also received presentations from the Group Secretary, Group Human Resources & Corporate Affairs Director, General Manager of Group Business Services, Director of Global Business Solutions and Group Head of Quality and Safety.

In addition to the induction programme that all Directors undertake on joining the Board, an ongoing programme of Director development has been established. For example, as part of the annual programme of Board meetings, Directors would ordinarily visit some of the Group's principal operations to meet employees and gain an understanding of the business operations and strategy. Opportunities to visit our operations globally and learn more about the business continue to be very important and valuable for the Board, and for new members in particular, as they provide the opportunity for our Directors to understand operations, performance and challenges in a regional context. Board members also get a chance to engage with local employees in different roles at different levels of seniority and from varying backgrounds. This aspect of Board visits provides real insight into the culture of the business. These visits also afford Directors the opportunity to interact with employees and develop deeper insights into the quality of our current senior management and the potential for succession. It also helps the Directors to actively embed the values of Glanbia across key locations.

During 2020, all site visits had to be cancelled but as soon as it is deemed safe to travel there will be an opportunity for all Directors to visit some of the international sites and meet the teams.

Directors are regularly provided with updates on corporate governance, legislative and regulatory issues. During 2020, updates included a presentation from the Group Secretary on the impact of Brexit from a governance perspective and an investor relations update presentation from the Head of Investor Relations.

As part of their annual performance evaluation, Directors are given the opportunity to discuss their own training and development needs.

Independence

The Board and the Nomination and Governance Committee believe that all Non-Executive Directors demonstrate the essential characteristics of independence and bring independent challenge and deliberations to the Board. An explanation of the basis for this belief is set out in the Nomination and Governance Committee Report on page 95. While the Company regards the Directors nominated by the Society (the 'Society Nominee Directors') as being independent, the Society Nominee Directors are not being designated as Independent Directors for the purpose of either the UK Corporate Governance Code (2018) or Listing Rule 6.1.7 (2) of Euronext Dublin/Listing Rule 9.2.2 AD of the United Kingdom Listing Authority (UKLA). This is to ensure consistency with the Relationship Agreement between the Company and the Society with regard to the composition and size of the Board and allowing for the planned reduction of the Society's representation on the Board.

In compliance with Listing Rule 6.1.7 (2) of Euronext Dublin/Listing Rule 9.2.2 AD of the UKLA, the Company has entered into a written legally binding agreement with the Society (the 'Relationship Agreement'), the only controlling shareholder, which is intended to ensure that the Society complies with the independence provisions/ undertakings set out in Listing Rule 2.2.15 of Euronext Dublin and 6.5.4 R of the UKLA (the 'Independence Provisions'). The Society and the Company plan to formally amend the Relationship Agreement to reflect (1) the planned reduction of the Society's representation on the Board and (2) the size of the Board as described on page 92 of the Nomination and Governance Committee Report.

During 2020, the Company has complied with the Independence Provisions in the Relationship Agreement and, in so far as the Company is aware, the Society has also complied with the Independence Provisions. The Company's constitution allows the election and re-election of Independent Directors for the purpose of Listing Rule 6.1.7 (2) of Euronext Dublin/Listing Rule 9.2.2 AD of the UKLA, to be conducted in accordance with the election provisions for such Directors in the Euronext Dublin/UKLA Listing Rules.

Re-election of Directors

In accordance with the UK Corporate Governance Code (2018), all of the Directors are subject to annual re-election by shareholders. Accordingly, each of the Directors, with the exception of Martin Keane who is not putting himself forward for re-election at the AGM, will seek re-election at the 2021 AGM. Additionally the re-election of Roisin Brennan, Patrick Coveney, Paul Duffy, Donard Gaynor, Jane Lodge and Dan O'Connor will be subject to the approval by independent shareholders (i.e. all of the shareholders save the Society and its subsidiary companies and related parties). All Directors have indicated that they will abstain from voting on these resolutions.

Corporate Governance Report continued
Composition, Succession and Evaluation continued

Board evaluation

The annual Board evaluation process is an important element in ensuring and enhancing the effective and efficient operation of the Board

The Group has established a formal process for the annual evaluation of the performance of the Board and its principal Committees, including a triennial external evaluation. The external evaluation supplements our existing internal Board performance evaluation processes. During 2019, in accordance with our triennial cycle of Board performance evaluations and taking into account the significant changes to the Board in 2019, it was decided to carry out two successive external reviews to ensure a consistent approach to development. External consultants, 'Independent Audit', were engaged to facilitate the external evaluation of the effectiveness of the Board and its Committees, the purpose of which was to review and further improve the performance of the Board and its Committees and identify any development needs. Independent Audit was retained following a detailed selection process undertaken by the Committee which involved the evaluation of eight providers, the consideration
of three written proposals and meetings with two providers. Independent Audit has no other connection with the Group or with the individual Directors.

The process that was followed for the 2019/2020 review and the conclusions of the evaluation are set out below:

1. Each Director and key contributors to the Board and Committees completed a detailed online questionnaire produced by Independent Audit;
2. Independent Audit conducted a review of the Board and Committee papers and key governance policies and procedures;
3. The results of stages 1-2 were collected and analysed by Independent Audit and a report was prepared and discussed with the then Group Chairman and the Group Secretary;
4. The results were presented by Independent Audit to the Board and discussed at its meeting in January 2020. An action plan for 2020, listing areas of focus from the evaluation, was agreed at the February 2020 Board meeting and reviewed as part of the 2020 continued evaluation;
5. Between May and June 2020 Independent Audit conducted full interviews virtually with each Director and the key contributors to the Board and Committees. Independent Audit also attended virtually and observed meetings of the Board and Committees;
6. The results of the evaluation were collected and analysed by Independent Audit and a report was prepared and discussed with the then Group Chairman and the Group Secretary; and
7. The results were presented by Independent Audit to the Board and discussed at its meeting in August 2020.

Year 1 – 2019/2020

External evaluation – During 2019, taking into account the significant changes to the Board, it was decided to carry out two successive annual external reviews, with the evaluation spanning two years rather than the usual one year.

An action plan for 2021, listing areas of focus from the evaluation, was agreed at 7 August 2020 Board meeting. These are summarised below.

1. Due to the challenges and restrictions imposed by the Covid-19 pandemic regarding travel and social distancing, Board and Committee meetings have to be held virtually and as a consequence there has been no in-person Board or Committee meetings held since February 2020. While the use of video technology for virtual Board and Committee meetings has proven very effective during the year, it was recognised that virtual meetings reduce the opportunity for informal discussions between Non-Executive Directors which facilitates enhanced collaboration and deliberation of Board matters. To better facilitate open, candid debate and discussion, Non-Executive Director Executive Sessions have been introduced at the end of selected Board meetings.
2. As the Board agenda continues to expand to address new, significant and ever-emerging matters, the Board needs strong and tailored information practices that provide them with timely and relevant information. To ensure Board information needs are met, the quality, timeliness, sources and flow of Board information was reviewed during 2020. In response, Board papers and agendas were refined to enhance the efficient operation of the Board and its Committees by focusing on the medium/long-term priorities for the Board and contextualising the papers to highlight emerging issues, performance drivers (including non-financial drivers and related indicators) and their link to strategic goals.
3. The Board's responsibilities can only be properly discharged by frequent interaction with the Company and its management. The Board has met more frequently during 2020; there has been a number of unscheduled Board meetings for specific agenda items, which has facilitated constructive engagement and debate. For 2021, it is scheduled that the Board will meet seven times and unscheduled meetings will be convened as deemed required by the Group Chairman.

The evaluation of the then Group Chairman's performance formed a part of the external evaluation. The performance of the current Group Chairman was also separately evaluated by the Board led by the Senior Independent Director. As part of the current Group Chairman's evaluation, the Non-Executive Directors met separately under the chairmanship of the Senior Independent Director.

Independent Audit assessed each Committee's performance covering each of their terms of reference, composition, procedures, contribution and effectiveness. As a result of that assessment, the Board and each Committee is satisfied that each Committee is functioning effectively and continues to meet its terms of reference.

Year 2 – 2021

Internal evaluation of the detailed 2019/2020 external evaluation results focusing on progress against the key objectives highlighted by the external evaluations.

Year 3 – 2022

Internal evaluation facilitated by the Group Chairman which will include a combination of questionnaires and interviews.

Corporate Governance Report continued
Audit, Risk, Internal Control and Remuneration

Audit, Risk and Internal Control

Risk management and internal control

Effective risk management underpins our operating, financial and governance activities. The Board continues to place particular emphasis on monitoring both principal and emerging risks and regularly monitors the risk management framework to ensure risks are being appropriately mitigated and new risks identified.

While the Board has ultimate responsibility for determining the Group's risk profile and risk appetite, the Board has delegated responsibility for reviewing the design and implementation of the Group's risk management and internal control systems to the Audit Committee.

These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and provide reasonable, but not absolute, assurance against material misstatement or loss. During the year, the Board considered the Group key risk reports and received updates from the Audit Committee Chairman on the programme of risk presentations from key risk managers across the Group. This work provided a comprehensive insight into how key risk exposures are managed and better informs the Board in its evaluation of progress against strategic objectives of the business.

The Board and management are satisfied that appropriate risk management and internal control systems are in place throughout the Group. The Risk Management Report is contained on pages 54 to 61.

Going concern

Glanbia's business activities, together with the main factors likely to affect its future development and performance, are described in the Strategic Report on pages 1 to 61.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Financial Statements. The Group therefore continues to adopt the going concern basis in preparing its Financial Statements. The full Going Concern Statement is contained on pages 56 and 57.

Long-term viability statement

In accordance with the UK Corporate Governance Code (2018) and Listing Rule 6.1.82(3) of Euronext Dublin Listing Rules, the Directors have assessed the viability of the Group and its ability to meet its liabilities as they fall due over a period extending to 2023, taking into account the Group's current financial position, the Group's strategy and business model and the potential impact arising from the principal risks and uncertainties. The factors considered in assessing the long-term prospects are detailed on page 57.

Having considered these factors and the Covid-19 pandemic-related challenges and impacts experienced in 2020 and anticipated for the years ahead, the Board assessed the prospects and viability of the Group in accordance with the UK Corporate Governance Code (2018) requirements. The Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment. The full viability statement is contained on page 57.

Fair, balanced and understandable

The Directors have concluded that the Annual Report and Financial Statements present a fair, balanced and understandable assessment of the Group's position and prospects and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. This assessment was completed by the Audit Committee as outlined in its Report on page 86.

Adequate accounting records

The Directors are responsible for keeping adequate accounting records that are sufficient to correctly record and explain the transactions of the Company or enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable the Directors to ensure that the Financial Statements comply with the Companies Act 2014, and, as regards the Group Financial Statements, Article 4 of the IAS Regulation, and enable those Financial Statements to be audited. The Directors, through the use of appropriate procedures and systems, have also ensured that measures are in place to secure compliance with the Company's and the Group's obligation to keep adequate accounting records. These accounting records are kept at Glanbia House, Kilkenny, R95 E866, Ireland, the registered office of the Company.

Accountability and audit

Directors' responsibilities for preparing the Financial Statements for the Company and the Group are detailed on page 124.

The Independent Auditor's Report details the respective responsibilities of Directors and the statutory Auditor.

Statutory Auditor

The statutory Auditor, Deloitte Ireland LLP, continues in office in accordance with section 383(2) of the Companies Act 2014. Deloitte (who was succeeded by Deloitte Ireland LLP) was originally appointed on 27 April 2016.

Disclosure of information to statutory Auditor

In accordance with the provisions of section 330 of the Companies Act 2014, each of the persons who are Directors of the Company at the date of approval of this Report confirms that:

- So far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2014) of which the statutory Auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to ensure that the statutory Auditor is aware of such information.

Remuneration

The Remuneration Committee's agenda continued to apply focus to the key matters of Group and individual Executive Director performance and the consideration of appropriate targets for 2021 and beyond. Our aim is to ensure that our remuneration policies and practices remain competitive within our industry to attract, retain and motivate high quality and committed people who are critical to the future development and growth of the Group. Further details can be obtained on pages 96 to 117.

Compliance Statements

Directors' Compliance Statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors have drawn up a compliance policy statement as defined in section 225(3)(a) of the Companies Act 2014. Arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure a material compliance with the Company's relevant obligations. These arrangements and structures were reviewed by the Company during the financial year. As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with the relevant obligations. In discharging their responsibilities under section 225, the Directors relied on the advice of third parties whom the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

Corporate Governance Statement

During 2020 the Group was subject to the Irish Corporate Governance Annex (2010) and the UK Corporate Governance Code (2018), the 'Codes'. The Group has complied with the detailed provisions of the Codes throughout 2020 with the exception of Provision 11 (Composition of the Board), Provisions 24 and 32 (Composition of Board Committees) and Provision 36 (Post-employment shareholding policy) of the code. The rationale for these departures is explained on pages 64 and 92. The Codes are not a rigid set of rules and they recognise that an alternative to following a provision may be justified in particular circumstances where good governance is still achieved.

The Irish Corporate Governance Annex published in December 2010 by Euronext Dublin, previously named as the Irish Stock Exchange is publicly available on the website: www.ise.ie/Products-Services/Sponsors-and-Advisors/Irish-Corporate-Governance-Annex.pdf. The UK Corporate Governance Code is publicly available on the Financial Reporting Council website: www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.PDF.

Our approach to corporate governance and how we apply the principles of the Codes is set out in this Corporate Governance Report, the Board of Directors and Senior Management section and the Risk Management Report (all of which are deemed to be incorporated in this Corporate Governance Report). The Reports from the Chairmen of the Audit, Nomination and Governance and Remuneration Committees highlight the key areas of focus for, and the background to, the principal decisions taken by those Committees, which form an integral part of our governance structure. A fair, balanced and understandable assessment of the Group's position and prospects is set out in the Strategic Report on pages 1 to 61. The Strategic Report also includes other important information relating to Governance including our approach to People, Sustainability and Stakeholders. Other Statutory Information contains certain other information required to be incorporated into this Corporate Governance Statement. All of these statements are deemed to be incorporated in this Corporate Governance Statement.

During 2020 the Group was subject to the Irish Corporate Governance Annex (2010) and the UK Corporate Governance Code (2018), the 'Codes'. Our Corporate Governance Statement can be found on page 64.

UK Corporate Governance Code

Irish Corporate Governance Annex

Section 1373 Companies Act 2014

Audit Committee Report

The Committee is focused on continuing to provide independent challenge and oversight in the current difficult operating environment

Dan O'Connor
Audit Committee Chairman

Key responsibilities

- Monitoring the integrity of the Group's Financial Statements including reviewing the significant financial reporting issues or judgements.
- Reviewing the appropriateness of Group accounting policies and providing advice on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable.
- Advising the Board in relation to its responsibilities with regard to monitoring the Group's systems of risk management and internal controls including its review of effectiveness.
- Receiving updates on the work undertaken to improve the Group IT and cyber security capabilities.
- Advising the Board on whether it believes there are any material uncertainties that may impact the Group's ability to continue as a going concern or impact the Group's long-term viability.
- Overseeing the relationship with the statutory Auditor, including approving the terms of engagement, remuneration and assessment of independence and effectiveness of the process.
- Making recommendations to the Board in relation to the appointment, re-appointment and removal of the Group's statutory Auditor.
- Ensuring that an audit tender is conducted at least every 10 years.
- Reviewing the operation and effectiveness of the Internal Audit function.
- Assessing the Group's procedures for fraud prevention and detection.
- Supporting the Board in assessing the Group's whistleblowing arrangements.

Terms of reference

The full terms of reference of the Audit Committee can be found on the Group's website: www.glanbia.com or can be obtained from the Group Secretary.

Dear shareholder,

As Chairman of the Audit Committee (the 'Committee'), I am pleased to present the Committee's report for the year ended 2 January 2021. This report provides an overview of the Committee's principal activities during the year, its role in ensuring the integrity of the Group's published financial information and an outline of the Committee's priorities for the year ahead.

Committee structure

As noted in the 2019 Annual Report, Richard Laube retired from the Board as Non-Executive Director and Committee member on 28 February 2020. The new Group Chairman, Donard Gaynor retired as a Committee member in line with best practice on 20 January 2021 and Jane Lodge was appointed as a member of the Committee on that date.

Responsibilities

The Committee is responsible for monitoring the integrity of the Group's Financial Statements and for assisting the Board in determining that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The work performed in this regard and our engagement with the statutory Auditor is detailed on pages 86 and 87.

The Committee reviewed the management actions implemented during 2020 to address the forecasting challenges encountered in 2019 in some of our non-US markets where the availability of robust market data was limited. In doing so, the Committee considered the potential impacts of these challenges in the development of the overall Group budget and forecasting processes and is satisfied that the improvements made substantially address the weaknesses identified in 2019.

The Committee also supports the Board in reviewing the effectiveness of the Group's risk management and internal control systems and for ensuring a robust assessment of the emerging and principal risks facing the Company. During 2020, the Committee evaluated key areas of risk such as health and safety, financial reporting and tax, IT security and food safety and quality by receiving direct presentations from the relevant Group functional leads. The work performed in this regard is detailed on page 87.

Covid-19

The Committee is very conscious of the impact of the Covid-19 pandemic on the Group's employees and operations. The Committee believes that the resilience displayed across the Group, the effective execution of the business continuity plans and the focus on the Group's three priorities of protecting employees, continuing food supply and maintaining the Group's strong financial position is helping to position the Group to emerge safely and strongly from the main impacts of the pandemic.

The Committee will continue to monitor the effectiveness of the internal control and risk management systems and the additional pressures on management and employees as a result of the pandemic to limit the risk of negative impacts to the health and safety of our employees and the Group's performance.

We have discussed with Group management the additional work performed in respect of the Going Concern and Viability Statements, the goodwill and intangible assets impairment reviews and the evaluation of exceptional items. Impacts to the internal and external audit processes, which are largely being conducted remotely, have also been considered.

Engagement
In fulfilling its key oversight responsibilities the Committee engaged regularly with management, Group Internal Audit and the statutory Auditor to ensure the provision of timely and accurate information to the Committee. Our engagement with the Group Internal Audit function and the statutory Auditor is detailed on pages 87 and 89 together with an explanation of how the Committee has assessed the independence and effectiveness of the external audit process.

The Committee is satisfied, based on the evidence obtained throughout the external audit process that a robust, effective and efficient process is taking place across the Group. In particular, the Committee reviewed the key audit risk areas, and the work undertaken by the statutory Auditor to address those risks, in detail.

Priorities for 2021
The Committee's key priorities for 2021 include:
- Continued focus on the impact of the Covid-19 pandemic on the business, principal risks, cash flow, accounting disclosures and financial controls;
- Detailed monitoring of the Group's principal risks and uncertainties including cybersecurity, data protection, health and safety risks and their related controls;
- Ensuring the Group's Financial Statements are accurate and reflect the balanced and consistent application of financial and non-financial reporting requirements;
- Providing an independent challenge and oversight on areas of key judgement or estimation;
- Maintaining a continued focus on our impairment testing methodology, inputs, assumptions, sensitivity analysis and results; and
- Ensuring that robust due diligence is performed, acquisition integration is closely monitored and post completion reviews are conducted on all material investments.

The Committee will continue its programme of direct presentations from management to ensure that effective risk management processes are implemented to address these key risk areas in a manner consistent with the Group's risk appetite.

Review of Audit Committee performance
The Committee assessed its performance covering its terms of reference, composition, procedures, contribution and effectiveness. As a result of that assessment, the Board and Committee are satisfied that the Committee is functioning effectively and continues to meet its terms of reference.

On behalf of the Audit Committee

Dan O'Connor
Audit Committee Chairman

Committee members and attendance

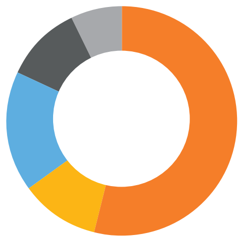
Member	Appointed	Number of full years on the Committee	2020 meeting attendance
D O'Connor	1 Dec 14	6	10/10
P Coveney	30 Sep 14	6	9/10
D Gaynor[1]	24 Feb 15	5	10/10
R Laube[2]	20 Jun 19	<1	2/4
J Lodge	20 Jan 21	<1	0/0

1. D Gaynor retired from the Audit Committee on 20 January 2021.
2. R Laube retired from the Board and the Audit Committee on 28 February 2020.

See page 66 for more information on the current Audit Committee members.

Allocation of time

Financial and corporate governance activities
Statutory Auditor
Risk management and internal controls
Internal Audit
Other



Audit Committee Report continued

Governance

Committee Membership

The Committee was in place throughout 2020. At present, the Committee comprises of three Independent Non-Executive Directors, Dan O'Connor (Senior Independent Director and Committee Chairman), Patrick Coveney and Jane Lodge. Two members constitute a quorum. The Group Secretary acts as secretary to the Committee.

Membership is reviewed annually by the Chairman of the Committee and the Group Chairman who recommend new appointments to the Nomination and Governance Committee for consideration and onward recommendation to the Board.

The Board is satisfied that all three Committee members meet the requirements for recent and relevant financial experience, as set out in the UK Corporate Governance Code. The Board is also satisfied that the Committee, as a whole, has competence relevant to the sector in which the Group operates including a wide range of skills, expertise and experience arising from the senior positions they hold or held in other organisations as set out in their biographical details on page 66.

Meetings

The Committee met ten times during the year ended 2 January 2021 and attendance at these meetings is detailed on page 85. Jane Lodge attended all of the January and February 2021 Committee meetings and as part of her induction attended two of the 2020 Committee meetings. The increase in meetings held during the year reflected the time required to consider the resolution of the challenges encountered during 2019 and the additional time required by the Committee to consider the financial reporting and risk oversight requirements arising from the pandemic.

Typically the Group Managing Director, Group Finance Director, Group Secretary, Group Head of Internal Audit, Group Financial Controller and representatives of the statutory Auditor are invited to attend all meetings of the Committee. Where required other key executives or members of the senior management team are invited to attend meetings to provide a deeper insight on agenda items related to the Group's principal risks.

The Committee meet with the statutory Auditor, without other executive management being present, on an annual basis to discuss any issues which may have arisen in the year under review. This meeting was held in February 2021 following the completion of the 2020 audit to review the findings from the audit of the Financial Statements. The Group Head of Internal Audit also has direct access to the Chairman of the Committee.

After each Committee meeting, the Chairman of the Committee reports to the Board on the key issues which have been discussed. The allocation of time across each of the key Committee activities is set out on page 85.

Audit Committee key activities

Financial reporting and significant financial judgements

The Committee reviewed the Interim Management Statements, the Interim and Annual Consolidated Financial Statements and all formal announcements relating to these statements before submitting them to the Board of Directors with a recommendation to approve. These reviews were focused on but not limited to:

- the appropriateness and consistency of application of accounting policies and practices;
- compliance with financial reporting standards and corporate governance requirements; and
- significant areas in which estimation or judgement had been applied in the preparation of the Financial Statements.

As outlined in our accounting policies on page 152, the Group has adopted an income statement format that seeks to highlight significant items within the Group results for the year ('exceptional items'). Judgement is applied by the Directors in assessing the particular items which by virtue of their scale and nature should be disclosed in the Income Statement and Financial Statement notes as exceptional items. A number of significant items have been highlighted as exceptional items in both 2019 and 2020 and the Committee is satisfied that this is appropriate and consistent with the Group's policy in this area. The table on page 88 sets out the 2020 significant Financial Statements reporting judgements and disclosures and how the Committee addressed these matters.

The Committee considered the Directors' Responsibility Statement and the Group principal risks and uncertainties within the 2020 Annual Report and Financial Statements and the half-year results and were satisfied with the adequacy of the disclosures.

Fair, balanced and understandable

At the request of the Board, the Audit Committee reviewed the content of the Annual Report to ensure that it is a fair, balanced and understandable assessment of the Company's position and prospects and that it considers the Annual Report and Accounts taken as a whole, is fair, balanced and understandable.

In satisfying this responsibility the Committee considered the following:

- the documented process and timelines for the co-ordination, preparation and review of the Annual Report and Financial Statements;
- a dedicated project manager is in place to drive adherence to deadlines, reporting standards and consistency and this is aligned with the external audit process undertaken by Deloitte Ireland LLP;
- the senior finance management and executive team review and approval procedures;
- the key process milestones, in particular to ensure the draft Annual Report and Financial Statements were available to the Committee in sufficient time in advance of the Committee meeting to facilitate adequate review and effective challenge at the meeting;
- a detailed management report was presented to the Committee outlining the process by which they assessed the narrative and financial sections and disclosures of the 2020 Annual Report to ensure that the criteria of fair, balanced and understandable has been achieved; and
- the effectiveness of the key features of internal control.

Having considered the above, in conjunction with the regular updates the Committee receives from management and the reports received from the statutory Auditor, Deloitte Ireland LLP, the Committee confirmed to the Board that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and the Company position, performance, business model and strategy.

Going Concern and Viability Statements

The Audit Committee reviewed the draft Going Concern and Viability Statements prior to recommending them for approval by the Board. These statements are included in the Risk Management Report on pages 56 and 57.

This review included assessing the effectiveness of the process undertaken by the Directors to evaluate going concern, including the impact of the pandemic and the analysis supporting the Going Concern Statement and disclosures in the Financial Statements. The Committee and the Board consider it appropriate to adopt the going concern basis of accounting with no material uncertainties as to the Group's ability to continue to do so.

The Committee also reviewed the Directors' Viability Statement which is supported by the work conducted in the strategy and budget review in December 2020 and the Board's ongoing review of monthly and year-to-date business performance versus budget and forecast. Further detail is provided within the Viability Statement on page 57.

Directors' Compliance Statement

The Committee considered the requirements of the Irish Companies Act 2014 in relation to the Directors' Compliance Statement and received a report from senior management on the review undertaken during the financial year of the compliance structures and arrangements in place to ensure the Company's material compliance with its relevant obligations. On the basis of this review, the Committee confirmed to the Board that it is satisfied that appropriate steps have been undertaken to ensure that Glanbia plc is in material compliance with its relevant obligations.

Covid-19

The pandemic has had a range of implications on risk management and corporate reporting in the period. The impacts on the Group's principal risks and uncertainties and going concern have been reviewed in depth together with the related mitigations in the Risk Management Report on pages 56 to 61. The increased uncertainty of duration and impact of Covid-19 also led to a decision by the Board to remove the financial guidance issued on 26 February 2020 in April 2020.

Risk management and internal control systems

The Committee receives regular Group key risk summary reports, prepared by the Internal Audit team, tracking residual key risk exposures which allows the Committee to assess the appropriateness of management's action plans to ensure the Board's risk appetite is not exceeded and to remain alert to emerging risks as they are identified through the review process. The Risk Management Report on pages 54 to 61 sets out the detailed steps in the process and the Group's principal risks. The Committee's risk management focus during 2020 included:

- reviewing and approving the assessment of the principal risks and uncertainties that could impact the achievement of the Group's strategic objectives as outlined on pages 58 to 61;
- evaluating the impacts of Covid-19 on the business and the health and safety of its employees;
- receiving direct risk presentations from a number of Group functional leads;
- developing a detailed understanding of the risks within each of these core functions, our improvement opportunities and areas of emerging risk;
- a consideration of the detailed business unit performance updates on Group investments and the impairment review methodology and outcomes outlined in Note 16;
- receiving updates from the Group Finance Director and Group Financial Controller on the forecasting improvements implemented in 2020;
- receiving updates from the Group Head of Internal Audit outlining areas of non-compliance with Group policies and controls identified during the year, fraud investigation reports and management actions to address the weaknesses noted;
- assessing the Group's risk management and internal control systems in line with the Financial Reporting Council (FRC) guidance on risk management and internal control; and
- reviewing reports from the statutory Auditor in respect of significant financial accounting and reporting issues, together with management's plans in place to address any internal control weaknesses noted.

The Committee, having assessed the above information, is satisfied that the Group's systems of internal control and risk management are operating effectively and has reported that opinion to the Board who has conducted its own review and is also satisfied that these systems are operating effectively.

Internal Audit

To fulfil its responsibilities for monitoring and reviewing the operation and effectiveness of the Internal Audit function the Committee:

- approved the Group Internal Audit annual work plan and the required amendments as a result of the Covid-19 risk impacts and travel restrictions;
- ensured that it is adequately resourced with a strong mix of skills and expertise capable of conducting effective internal audits, IT audits and special investigations;
- received regular reports from the Group Head of Internal Audit covering team development, progress against the audit plan, amendments required and best practice risk management procedures. This included receiving a self-assessment report from the Group Head of Internal Audit assessing the function's conformance with the Institute of Internal Auditors quality requirements which will be externally validated in 2021. The Group Head of Internal Audit will review any resulting improvement opportunities with the Committee in 2021;
- noted that the Group Internal Audit team utilises a market-leading audit management system and appropriate data analytics tools to maintain the effectiveness of the Internal Audit processes; and
- regularly reviewed progress on the status of management action plans to address control weaknesses identified during the Internal Audit reviews which are tracked to closure using the audit management system.

The Group Head of Internal Audit routinely meets with the Chairman of the Committee, in preparation for upcoming Committee meetings, to review the meeting agenda and draft papers and to ensure that the overall Committee work plan remains aligned to the current and emerging areas of key Group risk. Where required, the relevant Board or Committee agendas are amended to include items that require more detailed consideration, typically by a direct presentation to the Committee or Board by the relevant business unit or functional lead.

On the basis of the above, the Committee concluded that the Internal Audit function was performing well and is satisfied that the quality, experience and expertise of the function is appropriate for the Group. The Committee also encourages effective coordination between the external and internal audit teams to maximise the benefits from coordinated activities and ensures that this is in place through the regular Committee meetings.

Audit Committee Report continued

2020 significant financial reporting judgements and disclosures

The areas considered and the actions taken by the Committee in relation to the 2020 Annual Report are outlined in the table below. For each area, following their enquiries, the Committee was satisfied with the key assumptions made, the accounting treatment applied and the disclosures in the Financial Statements.

Key financial judgement and disclosures	How the Audit Committee addressed these matters
Impairment review of goodwill and intangibles Judgement decisions largely relate to the assumptions used to assess the value-in-use of the assets being tested. These assumptions typically include short and long-term business and macroeconomic projections, cash flow forecasts and associated discount rates.	• Management provided the Committee with detailed reports to support the recoverable value of the balances included in Note 16 to the Financial Statements. The Committee also received additional performance updates on the Group investments where the headroom between the carrying value of the asset and the value-in-use has reduced in recent years; • The Committee reviewed and discussed the reports with management and challenged the consistent application of managements' methodology, the appropriateness of the assumptions made for future cash flows, discount rates, terminal values and growth rates, and the achievability of the business plans with consideration of different scenarios; • The Committee considered the updates made to assumptions and Financial Statement disclosures as a result of managements' assessment of the impact of Covid-19 on forecasted business performance and cash flows, particularly for the cash generating units most impacted and the extent of sensitivity disclosures provided; and • The Committee considered the output from the sensitivity analysis performed at 2020 year-end, in particular they noted that a reasonably possible change in a key assumption used in the think! impairment assessment could result in an impairment charge.
Exceptional items Judgement decisions relate to the assessment of the items identified as being exceptional in nature and the appropriateness of the presentation in the Financial Statements.	• The Committee reviewed the nature of the exceptional items identified and after a robust challenge and consideration of the disclosures is satisfied that the treatment is in line with Group policy, consistently applied across years and appropriately presented in the Financial Statements with sufficient detail to allow users of the Financial Statements to understand the nature and extent of the exceptional items and how they arose.
Revenue recognition Revenue is a risk given the inherent complexity of IFRS 15 accounting requirements, the nature of some customer relationships and the manual adjustments recorded to ensure the timing of revenue recognition and the basis of year-end rebate provisions are appropriate.	• All revenue across the Group is recorded automatically at the point of dispatch as part of our sales systems. Manual adjustments are recorded to ensure revenue is recorded in line with the underlying contractual terms with customers and the requirements of IFRS 15 'Revenue from Contracts with Customers'; • The Group Finance team outlined to the Committee the established review processes in place to ensure the accuracy of manual revenue reversals for which performance obligations have not been met; • Within the GPN segment revenue is recognised net of rebate, discount, deduction and allowance claims where the amounts payable can vary depending on the arrangements made with individual customers and the volume of trade entered into; and • Key areas of focus and challenge from the Committee were in relation to the period-end close process and the basis of any significant year-end rebate provisions to ensure they were adequate and appropriate. The Group Finance team provided the Committee with a paper outlining the key considerations and financial controls in this regard.
Uncertain tax provisions Significant judgement is applied in assessing current and deferred tax exposures in relation to the interpretation of local and international tax laws, rates and treaties relating to the worldwide uncertain tax provisions.	• The Committee received a presentation from the Group Finance Director and the Group Head of Tax on various tax matters including legislative changes, tax structures and controls, and the status or outcome of any tax authority reviews conducted during the financial period; • The Committee considered in detail the impact of the refinancing activity conducted during the year and the Group's compliance with the increasing legislative requirements in this area; • The Committee received an analysis of movements in the year-end uncertain tax provisions, reviewed the key judgements in relation to the calculation of the uncertain tax provisions, the external professional advice obtained to support the provisions and the Financial Statements disclosure requirements; and • The Committee challenged management on the key judgements and estimates underpinning both the provisioning and disclosures adopted for the most significant components of the taxation liabilities and the underlying assumptions for the recognition of deferred tax assets, principally the availability of future taxable profits and the utilisation period.

Whistleblowing and fraud
The Board has delegated responsibility to the Committee for ensuring that the Group maintains suitable arrangements for its employees to raise concerns, in confidence, about possible wrong doing in financial reporting and other matters. These arrangements are outlined in our Code of Conduct which is available on the Company's website www.glanbia.com and on our Group intranet.

The Committee receives bi-annual presentations from the Group Secretary providing an overview of how concerns raised are categorised, investigated, monitored and reported, together with a review of the main themes, issues and resolution actions arising. Opportunities to improve the effectiveness of the Group's whistleblowing arrangements are also considered.

The Committee concluded, and confirmed to the Board, that it was satisfied that the Group's whistleblowing and other fraud prevention and detection procedures, including the Internal Audit team activities, are adequate and allow for the proportionate and independent investigation of such matters and appropriate follow up action.

Review of statutory Auditor

The Committee oversees the relationship with the statutory Auditor, including ensuring that the statutory audit contract is put out to tender at least every 10 years. Deloitte (who were succeeded by Deloitte Ireland LLP) were appointed as the Group's statutory Auditor on 27 April 2016 following a formal tender process.

At the Committee's November 2020 meeting it reviewed the approach and scope of the annual audit work to be undertaken by the statutory Auditor, which included planned levels of materiality, significant risks and key audit matters, the audit of the Group's core financial IT systems, fraud responsibilities and representations, the Group's processes for disclosing information to the statutory Auditor, the proposed audit fee and the approval of the terms of engagement for the audit. Particular consideration was given to the planning considerations associated with conducting the audit remotely. The Committee is satisfied, based on discussions with the Group lead audit engagement partner, that the effectiveness of the audit procedures performed were not unduly impacted as a result of being unable to perform on-site testing, with appropriate alternative procedures conducted.

The Committee discussed recent corporate governance updates including:
- investor and regulator expectations in relation to the disclosure of the financial and other impacts arising from the pandemic;
- UK Corporate Governance Code requirements;
- the increasing appetite for environmental, social and governance information; and
- FRC and IFRS technical updates and commentary.

The Committee also received reports from the statutory Auditor at its meetings in December 2020 and February 2021.

Independence of the statutory Auditor
To ensure the independence and objectivity of the statutory Auditor, the Committee:
- maintains and regularly reviews the Group's Auditor Relationship and Independence Policy;
- considers the performance of the statutory Auditor each year;
- reviews audit partner rotation requirements, and assesses their independence on an ongoing basis. In line with regulatory requirements for listed companies, the statutory Auditor is required to rotate the audit partner responsible for the Group audit every five years. Kevin Sheehan has been the Group lead audit engagement partner, since 2016 and the 2020 audit is his final Glanbia audit. Emer O'Shaughnessy has been identified to succeed Kevin in this role and as part of the preparation process to ensure a smooth audit transition Emer has shadowed the 2020 audit process; and
- requests the statutory Auditor to formally confirm its independence in writing to the Committee. This confirmation process also provides examples of safeguards that may, either individually or in combination, reduce any independence threat to an acceptable level. These safeguards will always include ensuring:
  - that the statutory Auditor does not play any part in the management or decision-making of Glanbia; and
  - the individuals involved in providing any non-audit services are not members of the audit engagement team.

Non-audit services
The Glanbia Auditor Relationship and Independence Policy includes a clearly defined pre-approval process, subject to defined monetary thresholds, for audit and other services, including a requirement for the business to submit a formal template setting out the details of the services requested, the likely fee level, the rationale for requiring the work to be carried out by Deloitte Ireland LLP rather than another service provider and confirmation that the service requested is not a prohibited service. The provision of all non-audit services which are not prohibited and approved in line with our policy must be ratified by the Committee at the following meeting of the Committee, who also ensures that the total fees for non-audit services will not exceed the defined thresholds and that the defined authorisation process is followed.

Fees paid to Deloitte Ireland LLP for audit-related and non-audit related services are analysed in Note 5 to the Financial Statements. The Committee is pleased that this policy has been effectively implemented since the appointment of Deloitte Ireland LLP as statutory Auditor.

Effectiveness
The Group Finance Director confirmed to the Committee that the actions arising from the prior year Group-wide review of the effectiveness of the statutory audit process were implemented in 2020 to further enhance the audit process. He also confirmed that feedback from the Group and subsidiary finance executives, who had the most interaction with Deloitte Ireland LLP in 2020, remained consistently positive.

Overall, the Committee remains satisfied with the effectiveness of the statutory Auditor based on:
- its own interactions with Deloitte Ireland LLP during Committee meetings;
- the quality of the reports and presentations received;
- the robustness of the challenge provided, particularly in relation to judgmental and complex areas;
- their technical insight; and
- their demonstration of a clear understanding of the Group's business and its key risks.

Nomination and Governance Committee Report

Focusing on leadership and ensuring the Board has the requisite skills and experience to meet the Group's strategic objectives.

Donard Gaynor
Nomination and Governance Committee Chairman

Key responsibilities

- Assessing the composition, structure and size (including skills, knowledge, experience and diversity) of the Board and its Committees and making recommendations on appointments and re-appointments to the Board;
- Recommending to the Board the membership and chairmanship of the Audit and Remuneration Committees respectively;
- Planning for the orderly succession of new Directors to the Board and of senior management;
- Keeping under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the market place;
- Keeping the extent of Directors' other interests under review to ensure that the effectiveness of the Board is not compromised;
- Overseeing the performance evaluation of the Board, its Committees and individual Directors;
- Keeping under review corporate governance developments with the aim of ensuring that the Group's governance policies and practices continue to be in line with best practice;
- Ensuring that the principles and provisions set out in the Irish Corporate Governance Annex and the UK Corporate Governance Code (and any other governance code that applies to the Company) are observed; and
- Reviewing the disclosures and statements made in the Directors' Report to the shareholders.

Terms of reference

The full terms of reference of the Nomination and Governance Committee can be found on the Group's website: www.glanbia.com or can be obtained from the Group Secretary.

Dear shareholder,

On behalf of the Board and the Nomination and Governance Committee (the 'Committee'), I am pleased to present the Nomination and Governance Committee Report for the year ended 2 January 2021.

2020 and 2021 to date have been further years of significant change in terms of Board size and composition and these changes are detailed below.

Group Chairman succession

During 2020, the key focus of the Committee was, in accordance with the amended and restated Relationship Agreement between the Company and Glanbia Co-operative Society Limited (the 'Society') dated 2 July 2017 (the 'Relationship Agreement'), on Chairman succession. Our Senior Independent Director, Dan O'Connor led the process that resulted in my appointment as Independent Non-Executive Group Chairman. A summary of the process is outlined on page 93. In line with my appointment as Group Chairman the Vice-Chairmen positions no longer apply for the Board.

2020 Non-Executive Director changes

In accordance with the Relationship Agreement, in 2020 the number of Directors nominated by the Society (the 'Society Nominee Directors') on the Board reduced from eight to seven and the size of the Board reduced from 16 to 15. At the conclusion of the 2020 Annual General Meeting ('AGM'), Jer Doheny and Eamon Power retired from the Board. On 8 October 2020, in line with the reduced Society representation of the Board, in accordance with the Relationship Agreement, John Murphy joined the Board as a Non-Executive Director on the nomination of the Society.

Richard Laube, John Daly and Mary Minnick stepped down as Independent Non-Executive Directors from the Board effective 28 February 2020, 1 November 2020 and 31 December 2020 respectively. Jane Lodge joined the Board as Independent Non-Executive Director on 1 November 2020 and Roisin Brennan joined the Board as Independent Non-Executive Director 1 January 2021.

Jane and Roisin bring valuable experience to the Glanbia Board. Jane is a former Senior Audit Partner of Deloitte. In Jane's 25 years as an audit partner, she gained extensive knowledge and experience of international businesses in a wide variety of sectors – manufacturing (including food), complex engineering, construction, distribution and financial services. Roisin Brennan is a former chief executive of IBI Corporate Finance Ltd and has over 20 years of investment banking experience, particularly advising public companies in Ireland. Roisin brings strong strategic and financial advisory experience across many sectors including food and FMCG to the Board. Full biographical details for each of Jane and Roisin are set out on page 66.

2021 changes

On 23 February 2021 the Board approved the appointment of Paul Duffy as Independent Non-Executive Director effective 1 March 2021.

Paul is the former Chairman and CEO of Pernod Ricard North America, a global leader in the Wine and Spirits industry. He brings extensive strategic and brand experience of the consumer packaged goods sector to the Board including brand prioritisation, brand planning, route-to-market, portfolio management and restructuring.

During his 25 year career with Pernod Ricard, Paul held a number of senior management positions including Chairman and CEO roles at Pernod Ricard UK, The Absolut Company (Sweden) and Irish Distillers. He served on the Pernod Ricard worldwide management executive committee.

Paul is currently a director of W.A. Baxter & Sons (a UK Food Group) and is a former director of Corby Spirit and Wine Limited, a leading Canadian marketer and distributor of spirits and wines listed on the Toronto Stock Exchange.

Paul is a Fellow of Chartered Accountants Ireland and is a graduate of Trinity College Dublin.

After 14 years of tenure on the Board, Martin Keane will not be seeking re-election at the 2021 AGM; however I am pleased to report that Martin will remain on the Board of the Company until his retirement at the AGM.

Glanbia Co-operative Society representation changes

The Society has taken a strategic decision to reduce the Society's representation on the Board (from seven to three by 2023) in order to facilitate the appointment of additional Independent Non-Executive Directors and further strengthen the diversity of the Board. In line with this the size of the Board will also be reduced, further details of how will this will be effected are contained on page 92.

Committee changes

There has also been a number of changes to the membership of the Board Committees which were driven directly by the changes in the composition of the Board during 2020.

On 14 December 2020, Jane Lodge was appointed as a member of the Remuneration Committee.

On 20 January 2021, the Board approved the appointment of Jane Lodge as successor to Donard Gaynor as Chairman of the Remuneration Committee effective 1 March 2021. Jane is currently a Remuneration Committee member of Costain Group plc and is a former Remuneration Committee member of both Devro plc and Sirius Minerals plc.

On 20 January 2021, the Board also approved the following Committee changes effective immediately:

- Jane Lodge replaced Donard Gaynor as a member of the Audit Committee;
- Group Chairman Donard Gaynor succeeded Dan O'Connor as Chairman of the Nomination and Governance Committee and Roisin Brennan replaced Patrick Coveney as a member of the Nomination and Governance Committee; and
- Roisin Brennan was appointed as a member of the Remuneration Committee.

In compliance with the UK Corporate Governance Code (2018) (the 'Code'), the membership of the Nomination and Governance, and Remuneration Committees continues to comprise only the Group Chairman and Independent Non-Executive Directors. The Audit Committee continues to comprise only Independent Non-Executive Directors.

The following pages provide further details on the roles and responsibilities of the Committee and its governance duties.

I am available at any time to discuss any matters that any shareholder may wish to raise.

On behalf of the Nomination and Governance Committee

Donard Gaynor
Nomination and Governance Committee Chairman

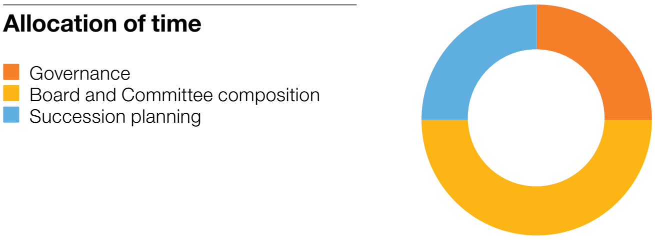
Committee members and attendance

Member	Appointed	Number of full years on the Committee	2020 meeting attendance
D Gaynor	12 Dec 14	6	6/6
R Brennan	20 Jan 21	<1	0/0
P Coveney*	23 Feb 16	4	6/6
D O'Connor	12 Dec 14	6	6/6

* P Coveney retired from the Nomination and Governance Committee on 20 January 2021.

See page 65 and 66 for more information on current Nomination and Governance Committee members.

Allocation of time



Nomination and Governance Committee Report continued

Glanbia Co-operative Society Limited – Right to nominate Non-Executive Directors

The Society currently owns 31.9% (31.7% as at 2 January 2021) of the issued share capital of the Company. The current composition and size of the Board reflects the historical shareholding and relationship of the Company with the Society and is documented in the Relationship Agreement. On 23 February 2021, the Society and the Board, in order to facilitate the appointment of additional Independent Non-Executive Directors and further strengthen the diversity of the Board, agreed the changes set out in the table below, which will impact the composition and size of the Board between 2021 and 2023. It has been agreed, as part of the Nomination and Governance Committee process to select and appoint the three new diverse Independent Non-Executive Directors, that the Chairman and Vice-Chairmen of the Society (who will be the continuing Society Nominee Directors on the Board) will be invited to participate in the selection process. The Society and the Company plan to formally amend the Relationship Agreement to reflect the changes agreed on 23 February 2021. The Society and the Company have further agreed that these changes will remain applicable for a period of five years and will be reviewed thereafter by the Society and the Company.

Year	Changes to the number of Non-Executive Directors nominated by the Society (the 'Society Nominee Directors')	Changes to the number of Other Non-Executive Directors	Changes to the number of Executive Directors	Changes to Board Size
2021	The number of Society Nominee Directors will reduce from seven to six.	The number of Independent of the Society Non-Executive Directors will increase from six to seven.	The number of Executive Directors remains at two.	The size of the Board remains unchanged at 15.
2022	The number of Society Nominee Directors will reduce from six to five.	The number of Independent of the Society Non-Executive Directors remains at seven.	The number of Executive Directors remains at two.	The size of the Board reduces to 14.
2023	The number of Society Nominee Directors will reduce from five to three.	The number of Independent of the Society Non-Executive Directors will increase from seven to eight as it is intended: • Two of the Society Nominee Directors will retire; • One of the current Independent Non-Executive Directors will retire; and • Two new Independent of the Society Non-Executive Directors will be appointed.	The number of Executive Directors remains at two.	The size of the Board reduces to 13.

Governance

The Committee was in place throughout 2020 and Donard Gaynor succeeded Dan O'Connor as Committee Chairman on 20 January 2021. The Committee comprises the Group Chairman and two Independent Non-Executive Directors, of whom two members constitute a quorum. The Group Secretary acts as secretary to the Committee. The Group Managing Director attends by invitation only.

Board size, composition and renewal

Board renewal and composition is an ongoing and dynamic process. The Committee regularly reviews Board composition and structure and is focused on ensuring that we have the right balance of skills, knowledge and experience on the Board, taking account of our business model and the specific sectors in which the Group operates and developments in terms of scale, geographic expansion and external factors.

Group Chairman succession planning and selection process

In accordance with the Relationship Agreement, a process to identify a successor to Martin Keane as Group Chairman commenced in early 2020. To assist the Board in the identification of a new Group Chairman, the Board unanimously agreed to the Nomination and Governance Committee's recommendation to establish a Chair Selection sub-committee of the Board (comprising Dan O'Connor, as Chairman of the sub-committee, John G Murphy, Patrick Murphy and Patrick Coveney) assisted by an external advisor Egon Zehnder. Egon Zehnder is a global management consulting and executive search firm who does not have any other connection with the Group or any of the individual Directors. A Chairman role specification was drawn up to determine the key skills, experience, characteristics and requirements for the role.

In accordance with good governance, it was agreed that Martin Keane should not be involved in the process to appoint his successor.

As part of the succession planning and selection process, Egon Zehnder met with:

- The four members of the Chair Selection sub-committee to better understand the role and requirements of the Group Chairman;
- All of the Independent of the Society Non-Executive Directors as they were the only Directors on the Board that met the UK Corporate Governance Code independence criteria for appointment as Group Chairman; and
- Martin Keane, the then Group Chairman to get his input on the role of Group Chairman, although Martin Keane, from a proper governance perspective, did not have any say in the process to appoint his successor.

Over a number of months during 2020, Egon Zehnder held a series of virtual meetings with the Chair Selection sub-committee, all of the Independent of the Society Non-Executive Directors and the Group Chairman. Egon Zehnder also met with Siobhán Talbot, Group Managing Director.

On 5 October 2020, the Board unanimously agreed on the recommendation of the Chair Selection sub-committee that Independent Non-Executive Director, Donard Gaynor, be appointed as Group Chairman with effect from 8 October 2020. Donard Gaynor has been a Director of the Company since March 2013 and is Chairman of the Nomination and Governance Committee and Remuneration Committee (although he will retire from this Chair effective 28 February 2021) as well as Workforce Director.

Since joining the Board Donard has brought experience and energy to Glanbia in his role as Remuneration Committee Chairman and he has led prior engagements with our shareholders. Full biographical details are on page 65.

Donard met the independence requirements set out in the Code on appointment. Additionally, his existing commitments were disclosed and taken into consideration prior to his appointment

In compliance with Provision 32 of the Code, following the finalisation of all remuneration-related decisions for 2020, Jane Lodge will succeed Donard Gaynor as Chairman of the Remuneration Committee with effect from 1 March 2021. The Board recognises that for a short period (i.e. 8 October 2020 to 28 February 2021) Donard Gaynor will serve as outgoing Chairman of the Remuneration Committee while also being Chairman of the Board. The Board considered this period as an effective means of ensuring an orderly transition of the role of Remuneration Chair to Jane Lodge. The Board is satisfied that this decision, grounded in orderly and effective succession, is in the interests of shareholders and aligns with the spirit of the Code and good governance practice.

Succession planning

The Committee is heavily focused on the leadership needs of the organisation at Board and senior management level. The Committee gives full consideration to succession planning for Directors, taking into account Group strategy, as well as the challenges and opportunities facing the Group and the skills, knowledge diversity, independent perspective and the experience required. This is achieved through effective succession planning. During 2020, the Committee continued to focus on the succession pipeline with consideration of both Board-level plans to ensure orderly refreshment of membership, and longer term talent strategy to understand the changing competencies required to ensure the development of a skilled workforce which will support the Group's strategy, purpose, culture and values.

Internal talent development and the attraction and retention of skilled individuals is facilitated through engagement with HR to ensure that the broader people strategy supports the development of the internal talent pipeline and ensures access to a diverse and inclusive external talent pool. We look to identify, harness and accelerate the development of talent at all levels, based on an assessment of successor readiness in respect of senior positions. Generally, at least one Board meeting is held annually at one of the wholly-owned business sites which provide an opportunity for interaction with employees and a chance for Non-Executive Directors to develop deeper insights into the quality of our senior management in their current roles and their potential for succession. This did not occur in 2020 due to the Covid-19 restrictions; however, senior managers continued to present to the Board virtually throughout the year.

Our culture is a major contributing factor to the delivery of long-term success for our stakeholders. The Committee plays a key role in embedding a positive culture by ensuring that our succession planning and appointment process identifies candidates who are exemplars of our values. Our induction and training programmes and the annual performance evaluation process promotes these values in all our Directors and employees.

Nomination and Governance Committee Report continued

Independent Non-Executive Director recruitment and selection process

Simultaneous with the Group Chairman appointment process, the Committee appointed Egon Zehnder to assist in the identification of suitable candidates for appointment as Non-Executive Directors to the Board.

A role specification was drawn up to determine the key skills, experience, characteristics and requirements for the role having regard to the challenges and demands of the future operating environment, growth opportunities for Glanbia and Board diversity with a strong emphasis placed on gender diversity.

Egon Zehnder established a long list of potential candidates for consideration, which was then reduced to a strong shortlist for more detailed consideration and interview. A majority of the shortlisted candidates were female with a diverse range of skills and experience and each was capable of making a valued contribution to the Board and had the necessary skillset to chair Board Committees.

Shortlisted candidates went through a two-stage video conferencing interview process:

- Firstly with the Senior Independent Director and the Group Secretary; and
- Secondly with the then Group Chairman and Group Vice-Chairmen of the Company, the members of the Committee and the Executive Directors.

On 28 October 2020, on the recommendation of the Committee, the Board approved the appointment of Jane Lodge and Roisin Brennan as Independent Non-Executive Directors with effect from 1 November 2020 and 1 January 2021 respectively. Full biographical details for each of Jane and Roisin can be found on page 66.

On 23 February 2021, on the recommendation of the Committee, the Board approved the appointment of Paul Duffy as Independent Non-Executive Director with effect from 1 March 2021. Full biographical details can be found on pages 90 to 91.

Workforce Director

During 2019, the role of Donard Gaynor, an Independent Non-Executive Director, was expanded to include oversight of workforce engagement to further improve Board involvement in this area. Details of Donard's engagements with employees during 2020 are set out in the 'Our People' section on pages 25, 27 and 75.

Diversity and Inclusion

At Glanbia we are committed to maintaining an inclusive culture where talent and individuality is nurtured, where people feel respected and valued for who they are and appreciated for the diverse perspectives they bring to Glanbia. On 15 December 2020 a new Group Diversity and Inclusion strategy was approved by the Board.

Details of our diversity objectives, policy on inclusion and linkage to Company strategy and progress on achieving the objectives are contained in 'Our People' on page 26.

A description of our Board Diversity Policy is contained on page 78. During 2020, the Group agreed that as new appointments are made, the target is that a minimum of 50% of the Independent of the Society Non-Executive Directors will be female. The Group has progressed this in 2020 and to date in 2021 with two of its three most recent appointments being female.

Developing a culture of Diversity and Inclusion

At Glanbia, we aspire to create a company where Diversity and Inclusion (D&I) is achievable for all; where respect and inclusion are the cornerstones of our culture; where equal access and opportunity to learn, grow, succeed and thrive are available to everyone. We believe in the power of our differences and the impact we can make when we come together united by shared values and purpose.

While we have made inroads in this area, the 'Your Voice' survey in January 2020 highlighted some gaps and areas which need to be addressed. Consequently the establishment of a compelling D&I vision, strategy and action plan for Glanbia was a key priority for our Board and senior management team in 2020.

Following the establishment of a D&I Working Group, a deep internal listening exercise was undertaken with over one hundred hours of focus groups, twenty individual interviews with members of the Board, the Group Executive and Senior Leaders and a Group-wide D&I survey. From the outset, a key priority was to ensure all voices were heard and reflected in the process, particularly those from diverse populations that we have not previously been able to access.

A comprehensive review of policies and procedures was also completed, as was an external benchmarking exercise.

Through this review we learned that there are some things we are doing well and a number of areas where we need to improve upon if we are to realise our D&I ambition.

The findings have led us to identify four strategic priority areas: leadership, talent, commercial and inclusion, and collaboration, that will guide us as we develop and embed our D&I culture over the coming years. The strategy is completely aligned to Glanbia's Purpose, Vision and Values and is an extension of the work we have been doing over the past number of years to embed values-based behaviours.

I am proud to lead an organisation that is committed to achieving a culture that celebrates individuality, knowing that together we are more.

Donard Gaynor
Group Chairman

Regular matters

A number of regular matters were considered by the Committee in accordance with its terms of reference, details of which are:

Review of Non-Executive Directors' independence in accordance with the guidance in the Irish Corporate Governance Annex and the UK Corporate Governance Code (2018) (the 'Codes')

The Board evaluation and review process considered the independence of each of the Non-Executive Directors, taking into account their integrity, objectivity and contribution to the Board and its Committees. A rigorous internal review was carried out in respect of those Non-Executive Directors who served longer than six years.

The Board is of the view that the following behaviours are essential for a Non-Executive Director to be considered independent:

- Provides an objective, robust and consistent challenge to the assumptions, beliefs and views of senior management and the other Directors;
- Questions intelligently, debates constructively and challenges rigorously and dispassionately;
- Acts at all times in the best interests of the Company and its shareholders; and
- Has a detailed and extensive knowledge of the Company and the Group's business and of the market as a whole which provides a solid background with which they can consider the strategy of the Company and the Group objectively and help the Executive Directors develop proposals on strategy.

The Board and Committee believe that all Non-Executive Directors demonstrated the essential characteristics of independence and brought independent challenge and deliberations to the Board.

The reviews took into consideration the fact that Martin Keane, John G Murphy and Patrick Murphy have each served on the Board for more than nine years (Martin serving eleven and a half years coterminously with the Group Managing Director, the longest coterminous period with a current Executive Director) and that seven of the current Non-Executive Directors are Society Nominee Directors, both of which factors the Codes state could be relevant to the determination of a Non-Executive Director's independence. The Codes also make it clear, however, that a director may be considered independent notwithstanding the presence of one or more of these factors. This reflects the Board's view that independence is determined by the Director's character as set out above. The Committee concluded that the Society Nominee Directors continue to demonstrate the essential characteristics of independence and brought independent challenge and deliberations to the Board through their character and objectivity. Notwithstanding this, however, the Society Nominee Directors are not being designated as Independent Directors for the purpose of either the Code or Listing Rule 6.1.7 (2) of Euronext Dublin/ Listing Rule 9.2.2 AD of the UKLA. This conclusion was presented to, and agreed by, the Board. This is to ensure consistency with the Relationship Agreement between the Company and the Society with regard to the composition and size of the Board and allowing for the planned reduction of the Society's representation on the Board.

Re-election of Directors

The Committee continues to be of the view that all Directors should be re-elected to the Board at the Company's AGM. All Directors who sought re-election at the 2020 AGM were re-elected. All Directors, with the exception of Martin Keane (who is not putting himself forward for re-election at the AGM) are seeking re-election at the 2021 AGM.

The Committee is satisfied that the backgrounds, skills, knowledge of the Group and experience of the continuing Directors collectively enables the Board and its Committees to discharge their respective duties and responsibilities effectively. Each Director is committed to their role, provides constructive challenge and devotes sufficient time to contribute to the performance of the Board. The Group Chairman is also chairman of Hazelwood Demense Limited 'The Lough Gill Distillery' Company, but the Committee and the Board consider that this does not interfere with the discharge of his duties to the Group. The Directors' individual biographies on pages 65 to 68 provide a summary of the key skills/competencies, important to the long-term success of the Group, that each Director brings to the Board.

Additionally in 2021, as in 2020, the re-election of each of the Independent of the Society Non-Executive Directors, Roisin Brennan, Patrick Coveney, Paul Duffy, Donard Gaynor, Jane Lodge and Dan O'Connor will be subject to approval by the independent shareholders (i.e. all of the shareholders save the Society and its subsidiary companies and related parties). We believe that sufficient biographical and other information on those Directors seeking re-election is provided in this Annual Report, and the Circular accompanying the Notice of the 2021 AGM to be published, to enable shareholders to make an informed decision.

Committee Performance

The Committee assessed its performance covering its terms of reference, composition, procedures, contribution and effectiveness. As a result of that assessment, the Board and Committee are satisfied that the Committee is functioning effectively and continues to meet its terms of reference.

Remuneration Committee Report

Supporting our employees to sustain strong performance despite unprecedented global pandemic challenges

Donard Gaynor
Remuneration Committee Chairman

Key responsibilities

Determine and agree with the Board the framework and policy for remuneration of the Executive Directors and other Senior Executives as required.
Oversee remuneration design and target setting of annual and long-term incentive arrangements to ensure comprehensive linkages between performance and reward and to incentivise delivery of Group strategy.
Determine, within the agreed policy, individual total compensation packages for the Executive Directors and other Senior Executives as required.
Determine any employee share-based incentive award and any performance conditions to be used for such awards.
Consider and approve Executive Directors' and other Senior Executives' total compensation arrangements annually.
Determine the achievement of performance conditions for vesting of Annual and Long-Term Incentive Plans.
Review and understanding of reward policies and practices throughout the Glanbia Group.

Terms of reference

The full terms of reference of the Remuneration Committee can be found on the Group's website: www.glanbia.com or obtained from the Group Secretary.

Dear shareholder,

On behalf of the Board and Remuneration Committee, I am pleased to present the Directors' Remuneration Committee Report for the year ended 2 January 2021.

The Directors' Remuneration Committee Report sets out the operation of the Directors' Remuneration Policy in 2020 and proposed operation in 2021. Our current Remuneration Policy runs from 2018 to 2020 inclusive and was approved at our 2018 AGM. As set out in the Annual Report 2019, the Committee committed to undertake a comprehensive review and renewal of the Remuneration Policy in 2020, and to bring the 2021 policy to the 2021 AGM for approval. As the impact of Covid-19 unfolded during 2020, the Committee decided not to pursue the Policy review and to extend the current policy by one year, 2018 to 2021 inclusive. This policy extension to four years aligns with the Irish regulation which implements the EU Shareholder Rights Directive. The Policy review will be carried out in 2021 with the new policy running from 2022.

Business Performance 2020

As set out in the Group Chairman's statement, 2020 was an extraordinary year for Glanbia as we navigated a once in a lifetime pandemic. After a strong first quarter of the year, the full economic impact of the pandemic occurred in the second quarter as lockdowns and economic headwinds heavily impacted consumer behaviours which particularly impacted Glanbia Performance Nutrition (GPN) as speciality stores and gyms closed across much of the world, suppressing demand. Market conditions improved thereafter and the Company gained momentum and drove competitiveness, finishing the year with earnings above (unguided) market consensus, a strengthened balance sheet, excellent liquidity and importantly a restoration of double-digit margins in GPN during the second half of the year.

In the Board's opinion, the performance of the leadership, management and all employees during the most difficult period in the history of the Company was superb. The business undertook at the outset to sustain all important food supply chains despite the formidable challenges experienced at the global peak of the first wave of the pandemic. The Group also committed to take good care of our people through ramped up safety measures and protocols at all sites and enhanced occupational health and sick pay support for all staff, especially those who unfortunately contracted Covid-19 or were close contacts. Market financial guidance was withdrawn in April. The Board and management agreed actions to protect the business including managing liquidity, managing costs aggressively and sustaining critical customer relationships, all of which supported renewed momentum as the Group exited the worst phase of the pandemic impact. In addition, the Group progressed the transformation of Glanbia Performance Nutrition, substantially completed the construction and commenced commissioning of its US$470 million joint venture cheese and whey facility in Michigan, US and its mozzarella cheese facility in Ireland and evolved Glanbia's internal ways of working without loss of productivity. Progress was also achieved in advancing Environmental, Societal and Governance (ESG) goals, including a Board approved Diversity and Inclusion (D&I) ambition and a reset of decarbonisation targets, including a commitment to reduce carbon emissions by 30% by 2030 on a glide path to net neutral carbon emissions by 2050 in line with Science Based Targets.

Responding to Covid-19 in 2020

The unwavering resilience of our people in the face of constantly evolving challenges was pivotal for us delivering a robust performance through the pandemic. No employee suffered pay cuts or furloughs, there were no pandemic-related job losses and impacted employees experienced enhanced occupational health and sick pay/quarantine pay supports where necessary. Pay increases were implemented for frontline hourly workers although a wage freeze was implemented for all salaried staff. The Group was not in receipt of any government supports during the period and continued to implement its dividend policy as normal with the payout at the top of our stated range. The planned share buyback was implemented following an assessment of liquidity in the immediate aftermath of the first global lockdowns. In addition the Group's share price finished the year neutral overall with recovery in quarter four (once shareholders had some insight on likely impacts and our progress on strategic imperatives) after some in-year volatility.

Throughout the year the Committee continuously assessed the situation and evaluated the best options in respect of the Group's annual incentive scheme, taking into account the performance of management and employees and the need to maintain some incentives in the face of unprecedented challenges. As shareholders will recall, as the Group exited a challenging 2019, the Committee had introduced a modifier to the 2020 annual incentive scheme whereby the bonus pool available across the Group may be reduced if the Group's 2020 adjusted Earnings Per Share (EPS) target was not met. Within four weeks of setting targets, the world began shutdown protocol in many of our prime markets and this accelerated in April to the point where we withdrew guidance at the end of April and deferred internal communications on the annual bonus plan until the impact of the pandemic could be assessed.

At its June and August meetings the Committee considered the wider Group performance and outlook. While it was becoming increasingly clear that the Group's original adjusted EPS target would not be achieved for reasons completely outside the business's control, the Committee wanted to continue to incentivise the wider employee population to deliver remaining business unit revenue and earnings targets as well as deliver operating cash flow targets and individual performance objectives. The Committee decided in August that the annual incentive performance conditions and targets set at the beginning of the year would remain unchanged (therefore confirming no bonus for EPS delivery). To encourage the optimisation of performance in a year significantly impacted by Covid-19, the Committee further decided to use its discretion to remove the proposed EPS modifier whereby bonus metric payments could potentially be reduced on a sliding scale to 75% of target per metric dependent on the extent to which EPS target was not met. In its place, the Committee retained its right to use its discretion to limit payouts for any business metric above target at year end, if appropriate.

While these revised conditions applied to employees below Executive Directors with immediate effect, the Committee further decided to defer any consideration of incentives for Executive Directors until after year end. At that point it would apply judgement in respect of bonus outcomes for Executive Directors by taking into account overall performance, the wider employee experience and indeed wider considerations such as dividend payments, share price performance and whether any external factors such as forced furloughs or government assistance had occurred. As noted above, such was not the case.

On a full-year basis the business delivered a strong and resilient performance with earnings ahead of market consensus (notwithstanding that guidance had been withdrawn) with good performances in particular in Glanbia Nutritionals (GN) and joint ventures, improved margin momentum in GPN, a strong balance sheet with cash conversion at 122.4% of EBITDA, debt gearing reduced to 1.7 times and good momentum heading into 2021. The Company also progressed the launch of the share buyback which was welcomed by shareholders and no forced furloughs or government assistance had occurred. Accordingly, having assessed all of these factors, the Committee approved payment of incentives to all employees below Executive Directors but applied its discretion to limit bonus payment for cash generation to 1.5 times target versus the 2 times target delivered.

Remuneration in respect of 2020

Executive Director base salary and benefits

There was no increase in the base salaries of the Executive Directors in 2020. The salaries of €1,050,000 for the Group Managing Director and €581,000 for the Group Finance Director remain unchanged from 1 January 2019. There were no changes to benefits during 2020.

2020 Annual Incentive

The Group Managing Director and Group Finance Director continued to participate in the annual incentive plan in 2020 based on a combination of business (80% weighting) and personal (20% weighting) objectives, with target and maximum payments remaining at 75% and 150% of base salary.

Post year-end the Committee took full account of the strong and resilient leadership of the Executive Directors in a very difficult period. It noted the wider business performance achieved in the context of the pandemic, the experiences of employees and shareholders and the fact that no government Covid-19 relief funding had been obtained during the pandemic. Accordingly, it is the Committee's judgement that the most equitable approach is that Executive Directors should be treated no differently than other employees, which is set out earlier. Therefore the Committee proposes payment of incentives with zero payout for adjusted EPS, operating cash flow delivery payout scaled back to 1.5 times target (from 2 times target achieved) and payment of personal objectives in accordance with actual delivery. Under this approach the maximum potential bonus payable to the Group Managing Director and the Group Finance Director in 2020 is no more than 36.7% of their maximum bonus opportunity under the Group's policy. The Committee considers that the 2020 annual incentive outcome for the Group Managing Director and the Group Finance Director fairly recognises the combined business and personal performance during the year. Full details are provided on pages 107 and 108.

In exercising its discretion for both employees and Executive Directors (with positive and negative impacts) the Committee is satisfied that, in the context of the pandemic, the risks to the Group were substantially mitigated. Additionally, the Committee noted that negative discretion was applied in relation to 2019 pay outcomes. The strong performance of the Executive Directors and Group employees in these circumstances warrants this equitable approach. The Committee plans to brief major shareholders on the decision and its rationale.

2018 Share Awards granted under the 2018 Long-Term Incentive Plan (2018 LTIP)

Under the 2018 LTIP, the 2018 share awards over the three year performance period 2018 to 2020 focused on long-term delivery of Group EPS (40%), Group ROCE (40%) and TSR (20%). There were performance challenges in 2019 as discussed last year and an unforeseen Covid-19 impact as noted above having a material unexpected impact in 2020. The vesting outcome for both the Group Managing Director and Group Finance Director is 21.0% for the 2018 share awards. The 2018 share awards will vest no earlier than 26 April 2021, the third anniversary of their grant. Full details on the 2018 share awards can be found in the Directors' Remuneration Implementation Report on page 109.

Notwithstanding the unforeseen impact of Covid-19 in 2020, the Committee has determined that the 2018 award, which takes into account performance in the 2018-2020 period, will vest as normal.

Remuneration Committee Report continued

The pandemic has however heavily impacted the inflight awards for 2019 and particularly 2020, the performance conditions for which were set only weeks before the onset of the pandemic. The incentives for management in these schemes have been largely eroded and therefore lack impact for both motivation and retention.

The Committee has decided to take no action at this time but intends to consult with shareholders during 2021 in respect of what actions, if any, should be taken to re-incentivise management through a restructuring of these inflight awards. If action is deemed warranted it will be subject to a separate resolution for shareholder approval at the 2022 AGM.

Non-Executive Director remuneration

In connection with the position of Group Chairman moving from one nominated by the major shareholder to an Independent Chairman for the first time in the Group's history, Korn Ferry, advisors to the Committee, carried out a review as to appropriate remuneration arrangements consistent with the responsibilities of the Group Chairman as set out on page 100. This review was led by the Senior Independent Director and I, as Group Chairman, recused myself from that process. The outcome of this review was a recommendation to increase the Annual Fee to €325,000 which was approved by the Committee and communicated to the Board. The Non-Executive Director fees are outlined on page 105.

Executive Director remuneration for 2021

The Committee has carefully considered the operation of the current policy for 2021. Whilst the Remuneration Policy 2018-2020 will continue to apply in 2021, the Committee has agreed to make some revisions to the application of the policy in 2021 to recognise the strategic importance of focusing on earnings and to introduce ESG metrics which are appropriate given the growth and strategic focus of the Company. Feedback received from shareholders as part of the Group Chairman's consultation with investors, following his appointment, supports these revisions.

The Committee will review the current Remuneration Policy from first principles during 2021 with any substantive changes to the operation of policy being introduced in 2022.

Executive Director base salary

The base salaries of the Group Managing Director and Group Finance Director were not increased in 2020. The base salary of the Group Managing Director and the Group Finance Director will increase by 2.5% to €1,076,250 and €595,525, respectively, effective 1 January 2021, in line with the standard increase for other employees.

Executive Director pension

Further to the change for new Executive Director appointments made from 2020, where pensions would be set in line with the wider workforce rate in the relevant location, the Committee determined that pensions of the incumbent Executive Directors will be aligned to the rate applicable to the majority of the workforce in the country of appointment, Ireland, by the end of 2022.

2021 Annual Incentive

The Group Managing Director and Group Finance Director will continue to participate in the annual incentive plan based on a combination of business and personal objectives. The 2021 bonus structure will however be adjusted to recognise the Group's commitment to social matters relevant to our business. The target and maximum payments will remain at 75% and 150% of base salary respectively.

2021 Share Awards granted under the 2018 Long-Term Incentive Plan (2018 LTIP)

The Group Managing Director and Group Finance Director will continue to participate in the 2018 LTIP in 2021. For 2021 the share award levels for the Group Managing Director and Group Finance Director are expected to be in line with policy. Performance and vesting will continue to be determined by the key Group performance metrics of adjusted EPS, ROCE and relative TSR against the STOXX Europe 600 Food and Beverage Index. Similar to the annual incentive plan an element of the long-term incentive will be linked to the achievement against Group ESG metrics. However, given the continued volatility arising from the Covid-19 pandemic, the Committee has decided to defer finalising the target ranges to be applied to the performance conditions, until no later than six months after the granting of the awards, to allow for greater visibility of market conditions. In any case the Committee will ensure the target ranges will continue to be as stretching as Glanbia share awards normally are. The target ranges for the awards will be communicated to shareholders via a RNS when finalised. Full details on weightings and performance conditions are set out on page 113.

Directors' Remuneration Policy Review and Transposition of the EU Shareholder Rights Directive into Irish Law

The current Remuneration Policy, 2018-2020, has been extended to 2021 and will be reviewed during 2021 with a new policy brought to shareholders for approval at our 2022 AGM. During 2020 the Remuneration Policy review commenced but as the impact of Covid-19 unfolded it was decided to postpone the policy review until 2021 and to extend the current policy by one year, 2018 to 2021 inclusive.

Following the implementation of the EU Shareholder Rights' Directive into Irish law the Committee has reviewed its remuneration reporting to ensure compliance with Irish law and as a matter of best practice voluntary reporting to UK regulation. As a result, a number of additional disclosures are provided in this 2020 Remuneration Report, building on the increased disclosure provided in 2019. These disclosures include remuneration scenario charts to demonstrate how our policy will operate in 2021, a complete single total figure pay table, Group Managing Director total remuneration shown over five years, the change in remuneration of Executive Directors compared to employees and the Group Managing Director to all-employee pay ratio.

As already mentioned, during 2020 the Committee continued to review the Directors' pensions and agreed that incumbent Directors' pension rates will align to the wider workforce by the end of 2022. Any new appointments will align immediately on appointment. The Committee will review other corporate governance and best practice remuneration matters such as post cessation of employment share ownership guidelines which will be introduced as part of its wider policy review during 2021. In 2019 and 2020 the Group also undertook an analysis of gender representation and pay. Insights and recommendations were presented to the Board. We will continue to proactively monitor to ensure equitable representation and pay.

Committee changes

As set out on page 63 a number of Board changes were made during the year. I was appointed Group Chairman in place of Martin Keane with effect from 8th October 2020. I continue as Remuneration Committee Chairman to 28 February 2021. Jane Lodge was appointed Non-Executive Director to the Board on 1 November 2020, taking a seat on the Committee on 14 December 2020, Jane will assume responsibility as Remuneration Committee Chairman on 1 March 2021. Both John Daly and Mary Minnick stepped down from the Board and the Remuneration Committee, effective 1 November 2020 and 31 December 2020 respectively. Roisin Brennan was appointed to the Board on 1 January 2021 and assumed a seat on the Committee effective 20 January 2021. Further details of Remuneration Committee members and meeting attendance is set out on the table, opposite.

Voting and Shareholder engagement

An advisory non-binding resolution to receive and consider the 2020 Remuneration Committee Annual Report on Remuneration will be put to the AGM on 6 May 2021.

I and my fellow Committee members are committed to strong and effective engagement with our shareholders and to providing remuneration reporting disclosures that effectively explain our remuneration decisions. Given we are rolling over our current policy for another year we had no direct engagement with shareholders on remuneration matters in 2020 however the Senior Independent Director did engage with shareholders on the share buyback programme and I, as Group Chairman, engaged on their priorities immediately after my appointment. The Committee looks forward to engagement again as the review of the Directors' Remuneration Policy progresses, in advance of the shareholder vote on a revised policy at our 2022 AGM.

During 2020 the Group continued to execute its strategic ambitions, despite the performance headwinds and difficulties presented by the Covid-19 pandemic detailed in my Group Chairman's Statement. The Committee is confident that, following its judgement and consistency with all other employees, the remuneration outcomes for the Executive Directors are aligned to that performance.

I am available through our Group Secretary if you wish to engage with me prior to our 2021 AGM.

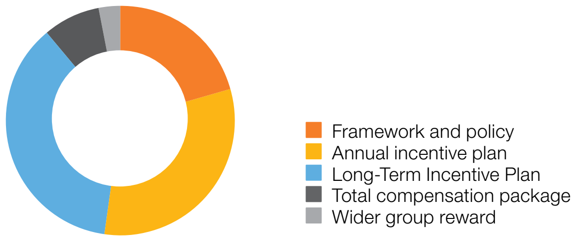
Donard Gaynor
Remuneration Committee Chairman

Committee members and attendance

Member	Appointed to the Committee	Number of full years on the Committee	2020 meeting attendance
D Gaynor[1]	13-May-14	6	5/5
D O'Connor	1-Dec-14	6	5/5
J Daly[2]	20-June-19	1	4/4
M Minnick[3]	20-June-19	1	5/5
J Lodge[4]	14-Dec-20	<1	0/0
R Brennan[5]	20-Jan-21	<1	0/0

1. D Gaynor will step down as Chairman of the Committee on 28 February 2021 but will remain as a member of the Committee.
2. J Daly stepped down from the Board and the Committee on 1 November 2020.
3. M Minnick stepped down from the Board and the Committee on 31 December 2020.
4. J Lodge will succeed D Gaynor as Chairman of the Committee effective 1 March 2021.
5. R Brennan was appointed to the Board on 1 January 2021 and assumed a seat on the Committee effective 20 January 2021.

Allocation of time



Remuneration Committee Report continued

Remuneration Committee Governance

Currently, the Remuneration Committee comprises of the Group Chairman and three Independent Non-Executive Directors, of whom two members constitute a quorum.

The Group Managing Director, Group Finance Director and the Group Human Resources & Corporate Affairs Director attend Committee meetings by invitation only and as necessary. No Director or member of Group Operating Executive is involved in considering his/her own remuneration, they absent themselves when their remuneration is discussed. The Group Secretary acts as secretary to the Remuneration Committee.

Remuneration best practices

The Remuneration Committee complies with all relevant reporting and legislative requirements applicable to an Irish incorporated company with a primary listing on Euronext Dublin. With a secondary listing on the London Stock Exchange, the Committee has also resolved on a voluntary basis to align, to the extent it considers possible and appropriate having had regard to Irish law, the Directors' Remuneration Policy and Remuneration Reporting with UK remuneration best practices including the regulations applicable to UK incorporated and listed companies. Additionally, the Committee is giving increasing regard to remuneration practices in the major overseas countries in which the Group operates which are relevant in attracting, retaining and motivating senior talent in relevant markets.

The Committee receives independent external advice on executive remuneration from Korn Ferry who were appointed as Remuneration Advisers in 2019 following a competitive selection process in the same year. Korn Ferry, who do not have any connection with any Directors of the Company, provide advice to the Committee which supports robust and sound decision making. Korn Ferry fees for advising the Remuneration Committee during 2020 were €134,695.

The Committee is committed to strong and effective engagement with our shareholders and to provide remuneration reporting disclosures that effectively explain our remuneration decisions. As noted in the Remuneration Committee Chairman's letter, because we postponed the review of our policy until 2021 we did not engage directly with our shareholders in 2020 specifically on remuneration matters, and will do so as part of the policy review in 2021.

The Committee continues to actively listen and incorporate, as far as possible, the views of the shareholders when determining the Directors' Remuneration Policy and making remuneration decisions. Furthermore, through the advice of its independent external Remuneration Advisers, Korn Ferry, the Committee monitors and incorporates, as appropriate, best practice developments for remuneration policies. The Committee is currently operating within the Directors' Remuneration Policy 2018-2020 which will also apply for 2021, the policy received 99.83% approval of shareholders at the AGM on 25 April 2018.

Review of Remuneration Committee performance

The Committee assessed its performance covering its terms of reference, composition, procedures, contribution and effectiveness. As a result of that assessment, the Board and Committee are satisfied that the Committee is functioning effectively and continues to meet its terms of reference.

Remuneration Committee report results at 2020 AGM

Resolution to receive and consider the Remuneration Committee report for the year ended 4 January 2020

For	%	Against	%	Total excluding withheld	%	Withheld	%	Total including withheld	%
204,453,009	98.96%	2,145,140	1.04%	206,598,149	100.00%	3,299	0.00%	206,601,448	100.00%

Remuneration Policy Results at 2018 AGM

Resolution to receive and consider the Directors' Remuneration Policy 2018-2020

For	%	Against	%	Total excluding withheld	%	Withheld	%	Total including withheld	%
185,508,946	99.83%	309,270	0.17%	185,818,216	100.00%	2,403	0.00%	185,820,619	100.00%

Section A: Directors' Remuneration Policy 2018-2020 (extended to 2021)

The 2018-2020 Directors' Remuneration Policy applies to the Group's Executive Directors. The 2018-2020 Directors' Remuneration Policy was approved at the Company's 2018 AGM. Under Statutory Instrument No. 81 of 2020 transposing the EU Shareholder Rights' Directive into Irish law, the Company is required to obtain shareholder approval of its Directors' Remuneration Policy every four years, or sooner if changes are required. As explained in the Chairman's letter, the Committee has agreed to postpone the review of the current policy until 2021 and it will therefore apply until 2021 and be renewed at the Company's 2022 AGM.

Remuneration strategy, policy and purpose

The Directors' Remuneration Policy is based on attracting, retaining and motivating executives to ensure that they perform in the best interests of the Group and its shareholders by growing and developing the business over the long term. Performance-related elements of remuneration are designed to form an appropriate portion of the overall remuneration package of Executive Directors and link remuneration to business performance and individual performance, while aligning the interests of Executive Directors with those of shareholders.

The Directors' Remuneration Policy focuses on incentivising the successful implementation of our corporate strategy, consistent with our risk management framework. This strategy aims to deliver sustainable, superior earnings growth, solid financial stewardship and total shareholder return performance for our shareholders over the long-term through the strong performance of high-quality and committed leadership, critical to the future development of the Group.

The Group Key Performance Indicators (KPIs), which are detailed on pages 30 and 31, underpin the selection of performance criteria used within the incentive arrangements. On subsequent pages we have provided specifics in summary form on the individual elements of the remuneration packages for Executive Directors, including personal objectives.

Summary Executive Directors' Remuneration Policy

The following table summarises the key elements of the Directors' Remuneration Policy for the Group's Executive Directors. The operational elements are subject to annual adjustment. The content is consistent with the policy presented to shareholders at the 2018 AGM. There are some formatting and language refinements to give better clarity.

Element	Objective	Description, Performance Measures and Maximum Value
Base salary (fixed) Annual fixed pay	Provide competitive base pay which reflects market value of role, job size, responsibility and individual skills and experience.	Set by reference to the relevant market median of Europe and US based on an external independent evaluation of the role against appropriate peer companies. Reviewed annually by the Remuneration Committee. Any reviews, unless reflecting a change in role, usually take effect from the commencement of the relevant financial year. Individual performance targets and assessment are set and reviewed annually.
Pension (fixed) Retirement benefit	Provide competitive, affordable and sustainable retirement benefits.	Determined as a percentage of base salary. During 2020 the Remuneration Committee determined that pensions of incumbent Executive Directors will be aligned to the rate applicable to the majority of the workforce in the country of appointment, Ireland, by the end of 2022.
Other Benefits (fixed)	Provide competitive benefits which recognise market value of role, job size and responsibility.	Determined in consideration of the level of responsibilities and local market practice. Other benefits include company car or equivalent, benefit in lieu of personal future service pension benefit, medical/life assurance, tax equalisation payments and relocation or other business-related allowances where appropriate.
Short-Term Performance Related Incentive (variable)	Incentivise Executive Directors to achieve specific performance goals and personal performance objectives which are linked to the Group's business plans during a one-year period. Ensure greater linkage of remuneration to performance. Ensure greater linkage to long-term sustainability and alignment to Group Risk Management Policy. Alignment with shareholders and/or share value growth.	The annual incentive scheme rewards achievement of specific short-term annual performance metrics. Group Executive Directors can earn 75% of base salary at target performance and up to 150% for maximum performance. Based on growth in annual Group adjusted EPS on a constant currency basis, Group Operating Cash flow and individual performance objectives. An ESG metric is introduced for the operation of the policy in 2021. All performance metrics and calibration of targets are determined by the Remuneration Committee annually. The proportion of the annual incentive earned in excess of 75% of base salary is deferred and once the appropriate taxation and social security deductions have been made, invested in shares in the Company and delivered to the Executive Directors two years following this investment. Deferred incentives are subject to malus and clawback (for a period of two years following this investment) to the extent determined by the Remuneration Committee as outlined in Note 1 on page 102.

Remuneration Committee Report continued

Element	Objective	Description, Performance Measures and Maximum Value
Shareholding Requirement Minimum share ownership requirements to be built up over a five-year period	Ensure a greater alignment with shareholders' interests.	Executive Directors are expected to build a shareholding through the vesting of shares under the Group's schemes. The Group Managing Director is required to build and maintain a shareholding of 250% of base salary over a maximum of five years. Other Executive Directors are required to build up and maintain a shareholding of 150% of base salary over a maximum of five years. Existing shareholdings and shares acquired in the market are also taken into account, and although share ownership guidelines are not contractually binding, the Remuneration Committee retains the discretion to withhold future grants under the 2018 LTIP if Executive Directors do not comply with the guidelines.
Long-Term Performance Related Incentive (variable) Long Term Incentive Plan under which shares are granted in the form of a provisional allocation of shares for which no exercise price is payable	To align the interests of Executive Directors and shareholders through a long-term share-based incentive linked to share ownership and holding requirements. To focus on greater alignment with shareholders, long-term retention and reward for sustainable performance.	Long-term incentive individual annual share award level ordinarily cannot exceed 250% of base salary, dependent on the level of job responsibilities and with reference to companies of similar size and complexity in Europe and US. This may vary where necessitated by the recruitment or retention of key Executives as determined by the Remuneration Committee. • Group Managing Director, maximum award level of 250%. • Group Finance Director, maximum award level of 200%. The Remuneration Committee reviews and determines the financial metrics annually. The 2021 share award is to be determined with an increased focus on earnings and the inclusion of an ESG metric as follows: • 50% Group adjusted EPS (previously 40%); • 30% Group ROCE (previously 40%); • 10% relative TSR against the STOXX Europe 600 Food and Beverage Index (previously 20%); • 10% ESG metric (previously 0%). For all performance metrics, 25% vests at threshold performance and 100% vests at maximum with straight line vesting in between these levels. The extent of vesting shall be dependent on the level of achievement, measured over a three-year period, of the relevant performance conditions. The Remuneration Committee has the discretion to change the performance criteria (including the measures, their weighting and calibration) where deemed appropriate for new Long-term incentive awards to ensure they continue to reflect the strategic priorities of the business. Any changes to these performance conditions will be disclosed in the Remuneration Committee Report which will be subject to a general shareholder non-binding advisory vote. Quality of earnings review/underpin will continue to be exercised at the discretion of the Remuneration Committee. A share award shall not vest unless the Remuneration Committee is satisfied that the Group's underlying financial performance has shown a sustained improvement in the period since the date of grant. Executive Directors will be required to hold shares received pursuant to the vesting of share awards for a minimum period of two years post vesting. Share awards are subject to malus and clawback (during the two-year holding period following vesting), to the extent determined by the Remuneration Committee as outlined in Note 1 below.

Note 1: Malus and clawback – the Committee may, at any time within two years of a share award or Annual Deferred Incentive vesting, determine that malus and clawback shall apply if the Committee determines that there was a material misstatement of the financial statements of the Company upon which the performance targets were assessed or an erroneous calculation was made in assessing the extent to which performance targets were met. Additionally, the Committee can determine at any time within two years of a share award or Annual Deferred Incentive vesting that malus and clawback will apply if an award holder is found guilty, or pleads guilty, to a crime which causes reputational damage; or an award holder is guilty of serious misconduct or gross negligence which causes loss or reputational damage.

Executive Director employment conditions

The Remuneration Committee adopts a transparent framework when making Board appointments of either external or internal candidates.

Recruitment policy

When recruiting new Executive Directors, the Group's policy is to pay what is necessary to attract individuals with the skills and experience appropriate to the role being filled, taking into account remuneration across the Group, including other senior executives, and that offered by other international food and nutritional companies and other companies of similar size and complexity. New Executive Directors will generally be appointed on remuneration packages with the same structure and pay elements as described in the table below. Each element of remuneration to be included in the package offered to a new Executive Director would be considered.

Element	Description
Base salary (fixed)	Base salary levels will be set in consideration of the skills, experience and expected contribution to the new role, the current salaries of other Executive Directors in the Group and current market levels for the role.
Pension (fixed)	Will be considered in light of relevant market practice for the role, the retirement arrangements of the wider workforce and consideration by the Remuneration Committee of the new recruit's package as a whole. During 2020 the Remuneration Committee concluded that new appointments will be made with a pension aligned to the wider workforce in the country of appointment.
Other benefits (fixed)	Will be considered in light of relevant market practice for the role and the provisions in place for other Executive Directors.
Short-Term Performance Related Incentive (variable)	The maximum level of short-term variable remuneration which may be granted to a new recruit is 150% (total maximum variable remuneration is 400%, annual and long-term variable). This excludes any buyout share awards that might arise. The Remuneration Committee will consider whether it is appropriate for the new recruit to participate in the same annual incentive plan applicable to the current Executive Directors. If this is considered appropriate, the same financial measures, weighting, payout scale and target and maximum incentive opportunity (as a percentage of base salary) which apply to the existing Executive Directors will generally apply to the new recruit.
Long-Term Performance Related Incentive (variable)	The maximum level of long-term variable remuneration which may be granted to a new recruit is 250% (total maximum variable remuneration is 400%, annual and long-term variable). This excludes any buyout share awards that might arise. The award of long-term incentives will depend on the timing of the appointment and where this fits into the typical annual grant cycles.

In exceptional circumstances or where the Committee determines that it is necessary for the recruitment or retention of key executives, the Committee reserves the right to offer additional cash and/or share-based payments. Such payments may take into account remuneration relinquished when leaving the former employer and would reflect the nature, time horizons and performance requirements attached to that remuneration. The Committee may also grant share awards on hiring an external candidate to buyout awards which will be forfeited on leaving the previous employer.

The Committee's approach to this matter is to carry out a detailed review of the awards which the individual will lose and calculate the estimated value of them. In doing so, the Committee will consider the vesting period; the award exercise period if applicable; whether the awards are cash or share-based; performance-related or not; the former employer's recent performance and payout levels and any other factors the Committee considers appropriate. If a buyout share award is to be made, the structure and level will be carefully designed and will generally reflect and replicate the previous awards as accurately as possible. The award will be made subject to appropriate clawback provisions in the event that the individual resigns or their employment is terminated within a certain time frame.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to payout according to its terms, adjusted as relevant to take into account the appointment. In addition, any ongoing remuneration obligations existing prior to appointment (which are inconsistent with the policy as disclosed herein) may continue, provided they are disclosed to the Committee. The Committee reserves the right to offer additional cash and/or share-based payments on an internal promotion when it considers this to be in the best interests of the Group and its shareholders.

Executive Director Service Agreements

The Group Managing Director, Siobhán Talbot, and the Group Finance Director, Mark Garvey, have renewable three year service agreements effective from 1 January 2019. The service agreements for the Group Managing Director and the Group Finance Director, in line with market practice, include a standard 12 month notice obligation from either side. The service agreements are capable of being terminated by either party on not more than 12 months' notice, provided however that no notice obligation for the executives shall be for a period longer than 6 months after the end of the initial three year contract period, if not renewed. The Group retains the sole right to terminate with pay in lieu of 12 months' notice, or part thereof, at any time.

Employment contracts for Executive Directors do not provide for any compensation for loss of office beyond payments in lieu of notice and therefore, except as may otherwise be required by Irish law, the amount payable under the contract upon termination is limited to a maximum of 12 months' remuneration. If so required, the Group reserves the right to make necessary payments in settlement of a Director's statutory employment rights.

Remuneration Committee Report continued

Both the Group Managing Director and Group Finance Director have additional 12 month restrictive covenant agreements which were introduced in 2019 and are in addition to the contract of service and notice period. These are necessary as a matter of law and aligned to market practice in Ireland to ensure enforceability of non-compete obligations. The Committee will ensure that careful consideration is given to the remuneration payable on any termination of employment including whether an Executive Director is required to work his or her notice period to minimise the total cost of severance.

Exit pay policy
The Group's exit pay policy for the variable pay of Executive Directors is as follows;

- STIP awards – STIP awards will vest pro-rata to reflect the performance period which was worked and the performance outcomes achieved, in accordance with plan rules with the Remuneration Committee applying its discretion to allow all or part of STIP award to vest.

- LTIP awards – In the event an Executive Director leaves before an award vests for reasons of death, redundancy, injury, ill health or disability retirement with the agreement of the Remuneration Committee or any other reason approved by the Committee, the awards of the Executive Director will lapse except that the Committee will have the discretion to allow all or some of the Executive Director's awards to vest subject to pro-rate for time and to the extent to which the performance conditions of the award are met (save in the case of death or if the circumstances are sufficiently exceptional as determined by the Committee where the Committee may allow some or all awards to vest). The Committee may at any time prior to vesting, in its absolute discretion, revoke any determination to permit awards to vest where an Executive Director breaches a protective covenant.

  In the event of a takeover, merger, scheme of arrangement or other similar event involving a change of control of the Company or a demerger of a substantial part of the Group, or a special dividend, or which has the effect of materially changing the Group's business, or an Executive Director's employment with the Group terminates by reason of a transfer of his/her employment to an entity outside the Group or other similar event that affects the Group's shares to a material extent, share awards under the 2018 LTIP will vest early, subject to normal restrictions on sale and the pro-rating of the share awards to reflect the reduced period of time between the commencement of the performance period and the early vesting. The Committee can decide not to apply restrictions on sale or pro-rate a share award if it regards it as inappropriate to do so in the particular circumstances.

- Other payments, such as legal or other professional fees, relocation or outplacement costs, may be paid if it is considered appropriate and is at the absolute discretion of the Committee.

Policy on external Board appointments
The long-standing policy of allowing Executive Directors to hold external Non-Executive Directorships with the prior approval of the Committee will continue. The Committee considers that external directorships provide the Group's Executive Directors with valuable experience that is of benefit to Glanbia. The Committee believes that it is reasonable for the individual Executive Director to retain any fees received from such appointments given the additional personal responsibility that this entails. Siobhán Talbot is a Non-Executive Director of CRH plc effective from 1 December 2018, for which Siobhán received an annual fee in 2020 of €135,000. Siobhán Talbot also holds a position on the IBEC board, for which she does not receive any fee. The Group Finance Director has no external directorships and no other fees earned.

Consideration of employment conditions elsewhere in the Group
The Committee considers all employees across the Group when establishing and implementing policy for Executive Directors. Senior and high-performing individuals within the organisation are invited to participate in both annual and long-term incentive arrangements. Similar to the Executive Directors, incentives are calibrated to provide appropriate rewards only on the achievement of superior performance. In addition, senior executives below Board level may be eligible to participate in restricted stock awards as part of the annual LTIP grant, as a retention measure.

The Committee has not previously consulted directly with employees when formulating Executive Director pay policy. However, it does solicit and take into account information provided by the Group Human Resources function and the independent external advice from its Remuneration Advisers. The Committee will consider, as part of the policy review to be carried out during 2021, the best approach to address the requirements of the UK Corporate Governance Code in respect of engaging with employees to explain the alignment of the Executive Directors' Remuneration Policy to the wider workforce.

Remuneration below Executive Directors

The Group's remuneration principles and policy underpin remuneration practice across the Group. Below the level of the Executive Directors, similar principles and policy framework, as outlined in the preceding pages, cascade as far as possible, taking account of seniority and relevant local market practice.

The table below outlines the reward elements which apply to employees across the Group depending on their level of seniority and market location.

Element	Description
Base salary (fixed)	Set by reference to role responsibilities relative to the relevant local market based on external independent market data against appropriate peer companies. Reviewed annually in consideration of personal performance with any change of pay approved by a member of the Group Operating Executive (and by the Remuneration Committee for senior executives falling under its remit).
Pension (fixed)	Employees participate in retirement benefits applicable to their local market and in line with relevant scheme rules and Company practice.
Other benefits (fixed)	Employees participate in other benefits applicable to their local market and in line with relevant rules and Company practice. Other benefits may include car benefit, illness benefit, medical insurance, relocation expenses/payments.
Short-Term Performance Related Incentive (variable)	The annual incentive potential is based on appropriate and specific Group or Business Unit measures, as determined by the Remuneration Committee. For designated senior executives, deferral of the proportion of the annual incentive earned in excess of 75% of base salary which, once the appropriate taxation and social security deductions have been made, will be invested in shares in the Company and delivered two years following investment.
Long-Term Performance Related Incentive (variable)	The Long-Term Incentive Plan is focused on key Group financial metrics and TSR. Additionally, where relevant, appropriate specific Business Unit measures, as determined by the Remuneration Committee, emphasise long-term Business Unit achievement. The Remuneration Committee may also assign a portion of the share award as restricted stock, focusing on individual performance over the performance period. A one year holding period applies below Executive Directors.

Non-Executive Directors' Remuneration

The Directors' Remuneration Policy for the Group Chairman and Non-Executive Directors is summarised below.

Element	Objective	Description
Annual Fees	Recognise market value of role, job size, responsibility and reflects individual skills and experience.	Set by reference to the relevant market median based on an external independent evaluation of comparator companies of a similar scale and complexity. Reflects a fee for the role of Non-Executive Director and additional fees reflecting responsibilities for chairmanship of a Committee of the Board. Reviewed from time to time by the Remuneration Committee and the Board. Any reviews usually take effect from 1 January in the relevant year.
Benefits and expenses	Reimburse role-based expenses incurred during performance of the duties of the role.	No additional benefits are provided other than direct expenses relating to the role. Such expenses may include travel in the course of the role for the Group.

Non-Executive Director fees

In accordance with the Relationship Agreement between the Company and the Society, on 8 October 2020, Donard Gaynor, was appointed as the first Independent Non-Executive Chairman of the Board. As part of the Group Chairman appointment process, the Committee, supported by Korn Ferry, carried out an external review of the applicable fees against other listed companies of a comparable size and complexity, taking into account the skills, experience and time commitment required for the role. As a result, the Committee increased the Group Chairman's fee to €325,000 per annum to bring it in line with the relevant market median for an Independent Non-Executive chair appointment. There were no other changes to Non-Executive Director fees in the year.

A summary of the fee levels is provided below:

Role	2021 €	2020 €
Group Chairman	**325,000**[1]	112,500
Senior Independent Director/Committee Chairman	**95,000**	95,000
Non-Executive Director	**85,000**	85,000
Society-nominated Non-Executive Director	**42,500**	42,500

1. The annual fee of the Group Chairman has been revised to €325,000 to reflect the changed responsibilities of the role and alignment with companies of a comparable size and complexity, taking into account the skills and experience and time commitment required for the role.

The Non-Executive Directors do not have service contracts, but have letters of appointment detailing the basis of their appointment. The terms and conditions of appointment of Non-Executive Directors are available for inspection at the Company's registered office and at the AGM of the Company.

The Non-Executive Directors do not have periods of notice and the Group has no obligation to pay compensation when their appointment terminates in accordance with their letters of appointment. They are subject to annual re-election at the AGM of the Company.

Remuneration Committee Report continued

Section B: Directors' Remuneration Implementation Report

Executive Directors' Remuneration Elements 2020

The Remuneration elements and 2020 delivery for the Executive Directors is summarised in the table below.

Fixed Pay 2020	Annual Incentive 2020	Long-term Incentive 2020[1]
Base salary Pension Other benefits	Up to 150% of base salary for maximum performance Measured by Adjusted EPS, Group OCF and Personal Objectives	Group MD, 200% Group FD, 160% (% of base salary) Measured by Adjusted EPS, Group ROCE and TSR
Base salary increase in 2020 0%	**2020 incentive payments 36.3% to 36.7% of maximum**	**2018 share award vesting 21.0%**

1. 2020 share awards for the Group Managing Director and the Group Finance Director were revised by 20% from 250% and 200% respectively, acknowledging the decline in the 2019 share price.

Executive Director Remuneration Payments 2020

Further details of actual 2020 payments are set out in the subsequent table and later in this report.

		Fixed Pay			Annual Incentives		Long-term Incentives	Total Fixed Pay	Total Variable Pay	Total
Executive Directors	Full Year	Base salary €'000	Pension contribution[1] €'000	Other benefits[2] €'000	Annual incentive (payable in cash)[3] €'000	Annual incentive (deferred shares)[4] €'000	Long-term incentive[5] €'000			
S Talbot	2020	1,050	–	349	572	–	339	1,399	911	2,310
	2019	1,050	–	344	–	–	183	1,394	183	1,577
M Garvey	2020	581	145	33	320	–	159	759	479	1,238
	2019	581	145	35	–	256	86	761	342	1,103

Further explanatory notes relating to each remuneration element follow.

1. M Garvey participates in the Glanbia defined contribution plan with a contribution of 25%.
2. Other benefits include company car or equivalent, medical/life assurance and taxable cash in lieu of pension payments of 26.5% of salary to S Talbot.
3. This reflects the proportion of the annual incentive payable in cash to Executive Directors in respect of performance for full year 2019 and 2020 performance. In 2019 S Talbot waived the annual incentive payable of 33.4% of salary whilst M Garvey waived 7.2% and agreed to his bonus being paid entirely in shares rather than cash. 2020 annual incentive payments will be paid through salary in 2021.
4. This reflects the proportion of the gross annual incentive (over 75% of base salary) which will be invested in shares and retained for two years, following appropriate taxation and social security deductions. For 2019 the full amount of M Garvey's bonus was paid entirely in shares.
5. For 2019, this reflects the value of the 2017 share award which vested on 24 April 2020. The gross value is calculated using the official opening share price on the date of vest of €9.24. 2017 vested awards are held for a 2 year period to April 2022. For 2020, this reflects the value of the 2018 share award which will vest on 26 April 2021, earliest, where the performance period for which ended on 2 January 2021. The gross value is calculated using the official closing share price on 31 December 2020 (last day of trading for the 2020 financial year) of €10.38. 2018 vested awards are held for a 2 year period from the date of vest.

Fixed Pay 2020

Base salary 2020

The Group Managing Director and Group Finance Director's base salaries of €1,050,000 and €581,000 were not increased for 2020. The base salary for the broader employee population also remained unchanged in 2020 other than some frontline workers where the increase was up to 3%.

Pension 2020

Mark Garvey participates in a defined contribution retirement plan, to which contributions are made at an agreed rate of 25%.

Other benefits 2020

Other benefits include employment-related benefits such as the use of a company car or equivalent, benefit in lieu of personal future service pension benefit, medical/life assurance and relocation or other business-related allowances where appropriate. All benefits are subject to normal deductions per the relevant regulations.

Siobhán Talbot is a member of the Glanbia defined benefit scheme but, effective 1 January 2012, is no longer accruing personal pension benefits under this scheme. As a result of the cap on pension benefits introduced in the Irish Finance Act 2006, and subsequently amended in December 2010 and in December 2013, the Committee reviewed the pension arrangements for Executive Directors and agreed to offer Siobhán Talbot the option to receive a taxable payment (26.5% of base salary) in lieu of the personal future service pension benefit.

Annual Incentive 2020

The Group's Executive Directors participate in a performance related annual incentive scheme, which aims to reward achievement of specific short-term performance metrics determined by the Committee annually. Other senior executives including the members of the Group's Operating Executive also participate in this scheme, albeit at different participation levels. The performance metrics consider collective business performance and individual performance. The Committee believes that this method of performance measurement and assessment is objective, transparent, rigorous and balanced, and provides an appropriate means to evaluate annual performance. It also ensures that all senior management in the Group are aligned to the same annual goals in the best interests of the Group and the shareholders.

For the financial year to 2 January 2021, each Executive Director could earn up to 150% of base salary for maximum performance measured against growth in adjusted EPS on a constant currency basis, Operating Cash Flow (OCF) on an Operating Cash Conversion basis and individual performance objectives. The mix of weightings for all objectives at target reflected 15% of base salary for personal objectives and 60% of base salary for business objectives (EPS and OCF), doubling at maximum performance to 30% of base salary for personal objectives and 120% of base salary for business objectives. Both personal and business objectives are specific and measurable, determined and communicated at the start of the financial year.

Personal objectives are aligned with the Group strategy reflecting personal contribution to the achievement of both medium and long-term strategic objectives all relating to: organisational leadership, organisational effectiveness (including growth and innovation), the execution of the strategic growth plan and driving innovation capability. Progress on personal objectives for each of the Executive Directors is detailed in the 2020 annual incentive outcomes.

In light of overall Group financial performance in 2019 and to increase focus on EPS achievement in 2020 the Committee agreed to the introduction of a bonus modifier in 2020 whereby the bonus may be reduced where the Group EPS target is not achieved. Within weeks of the 2020 targets being set the Covid-19 pandemic hit at which time the Committee decided not to communicate annual bonus incentive targets across the organisation. The Committee reviewed and considered the impact of the pandemic on performance delivery and incentives, and agreed to not amend performance targets for Executive Directors. Instead the Committee agreed to defer any consideration of incentives for Executive Directors until after year end when it would apply judgement in respect of bonus outcomes for Executive Directors by taking into account overall performance, the wider employee experience and indeed wider considerations such as dividend payments, share price performance and whether any external factors such as forced furloughs or government assistance had occurred. The Committee did agree, to remove the EPS bonus modifier for all other employees and in its place retained its right to use its discretion to limit payouts for any business metric above target at year end, if appropriate.

In February 2021, the Committee considered bonuses payable based on a formulaic basis (no bonus payable for earnings performance), the commitment to modify 2020 bonuses based on earnings achievement and the wider performance of the Executive Directors and employees in navigating the pandemic. The Committee decided to scale back payment of the cash metric to 1.5 times from 2 times as otherwise determined based on the formulaic basis for all employees. Accordingly, the Committee applied its judgement that the most equitable approach is that Executive Directors should be treated no differently than other employees. For the Group Managing Director and the Group Finance Director this resulted in the bonus being modified from 42.3% to 36.3% of maximum and from 42.7% to 36.7% of maximum, respectively.

The table below outlines the 2020 annual incentive design and respective weightings for each Executive Director. It also details the 2020 performance assessment %, actual bonus to be paid following the Committee's use of discretion and the full year 2020 actual incentive payable as a percentage of maximum opportunity.

	Annual incentive weighting						
Executive Directors	Adjusted EPS	Group OCF[1]	Personal objectives	Total	Annual Incentive opportunity as % of salary	**2020 performance assessment as a % of maximum opportunity**	**2020 Actual Incentive payable as a % of maximum opportunity**
S Talbot	56%	24%	20%	100%	0%-150%	**42.3%**	**36.3%**
M Garvey	56%	24%	20%	100%	0%-150%	**42.7%**	**36.7%**

1. Group OCF is measured using Operating Cash Conversion defined as OCF divided by pre-exceptional earnings before interest, tax, depreciation and amortisation (EBITDA). This cash measure aligns with the Group's working capital management programme as introduced at the Group's Capital Markets Day in May 2018.

Key Business Objectives 2020

The table below sets out actual performance relative to target for the Group financial measures.

Performance Assessment in 2020	Performance range	Actual	% of maximum vesting	Below Threshold (zero vesting)	Threshold to Target (pro-rata vesting)	Target (100% vesting)	Target to Maximum (pro-rata vesting)	Maximum (200% vesting)
Adjusted EPS Growth[1]	84.6 to 91.5 cent	73.8 cent	0%	✓				
Group OCF (%)[2]	75% to 90%	122.4%	100%				✓[3]	

1. Adjusted EPS growth is measured on a constant currency basis to reflect the underlying performance of the Group. For 2020 the Executive Directors' targeted constant currency adjusted EPS of 86.6 cent with a maximum incentive achievable at 91.5 cent. The 2020 performance outcome was below threshold for the year.
2. OCF was measured as Operating Cash Conversion and is defined as OCF divided by pre-exceptional earnings before interest, tax, depreciation and amortisation (EBITDA). Cash conversion is a measure of the Group's ability to convert trading profits into cash and is an important metric in the Group's working capital management programme. For 2020 the Executive Directors' target Group Operating Cash Conversion was 80% with a maximum incentive achievable at 90%. The 2020 outcome was above maximum at 122.4% actual delivery.
3. The 2020 outcome was above maximum at 122.4% actual delivery. The Committee agreed to a scale back payment of the cash metric to 1.5 times from 2 times as otherwise determined based on the formulaic basis.

Remuneration Committee Report continued

Key Personal Objectives 2020

Personal objectives are aligned with the Group strategy reflecting the Executive Director's personal contribution to organisational effectiveness, the execution of the strategic growth plan and driving innovation capability. The Group Managing Director set the personal performance objectives for the Group Finance Director, with the Group Managing Director's personal objectives set by the Group Chairman in conjunction with the Committee. All personal objectives were then agreed with the Committee who monitored their progress throughout the year.

Group Managing Director, Siobhán Talbot

Personal Objectives at Maximum:	*30%*
Overall Performance Assessment:	*91.5%*
Personal Objectives Bonus Payout:	*27.5%*

Measure/Objective	Weighting %	Performance Assessment	Achievement %
Complete detailed Group Organisation & People Review (OPR). Focus on critical senior leadership succession and development in 2020. Sponsor hiring for identified critical senior roles and evolution of BU and corporate team capabilities. Develop succession planning across Group Operating Executive roles.	*10%*	OPR review of all business units completed. Significant re-organisation of GPN senior team well advanced with key senior hires onboarded. Senior leadership team in GN also evolved. Succession planning for Group Operating Executive well advanced.	*9%*
Lead Group business continuity processes during Covid-19 pandemic to minimise risks to employees, production, supply chain, customer support and group finances/liquidity.	*8%*	Decisive and focused actions executed across the identified three priorities of health and welfare of our people, maintaining supply of food and sustaining financial strength. New protocols, protective arrangements and processes across all locations swiftly embedded the priorities with no loss of productivity. Robust planning resulted in no material disruption to supply chain and costs and liquidity were tightly managed. No pandemic related job losses or pay cuts or government supports accessed. After a challenging quarter 2, the business was well positioned to regain momentum as markets re-opened.	*8%*
Deliver key business initiatives for 2020 across 1) brand health and growth, 2) increased penetration of target growth categories by Nutritional Solutions, 3) expanding Group capabilities through M&A, 4) delivery of key strategic expansions by joint ventures.	*7%*	Overall delivery somewhat impacted by conflicting pressures of Covid-19 business continuity focus (which impacted a number of key consumer facing categories in particular) while maintaining momentum on growth drivers. Key deliverables included good performance delivery in GN including the acquisition of Foodarom which broadened capabilities in the flavours sector; continued development of GPN brands achieving US consumption growth in the key pillar brands of OPTIMUM NUTRITION™ and SLIMFAST™ and the successful build out of major JV projects – MWC-Southwest Holdings in Michigan, US and Glanbia Cheese EU.	*5.5%*
Develop and deliver the GPN transformation programme to underpin margin and revenue growth ambitions identified for this initiative.	*5%*	Very good progress achieved in this key strategic project. Project scope was broadened and deepened in 2020 and encompasses GPN organisation redesign, market and channel prioritisation, productivity and demand focused initiatives, with the programme delivering in-year returns ahead of plan and supporting double-digit GPN margins in the second half of the year. The programme is on track for 2022 target delivery with full benefits.	*5%*

Group Finance Director, Mark Garvey

Personal Objectives at Maximum:	*30%*
Overall Performance Assessment:	*93%*
Personal Objectives Bonus Payout:	*28%*

Measure/Objective	Weighting %	Performance Assessment	Achievement %
Sustain focus on liquidity – EBITDA cash conversion, cost and working capital management, particularly through Covid-19 volatility.	*10%*	Building on a very strong base further financial disciplines were extremely well marshalled across the Group to ensure excellent overall liquidity management. 2020 cash conversion was 122% facilitating the acquisition of Foodarom, payment of dividends in line with 2019 and share buyback. Year end debt/EBITDA were reduced to 1.7x with facilities extended to an earliest maturity of 2024.	*10%*
Strategic portfolio development review to enhance Group agility to execute corporate strategy and optimise capital utilisation.	*10%*	Significant progress achieved, however some aspects delayed due to impact of Covid-19 on priorities. Work to continue in 2021 (business confidential).	*8%*
Continue to deliver M&A targets in support of Group strategic plan.	*5%*	Continued good progress in identification and evaluation of opportunities during the year. Foodarom acquisition concluded, enhancing Glanbia Nutritionals' capabilities in the flavours space.	*5%*
Strategic stakeholder management including shareholders and wider capital markets during period of unprecedented volatility and associated withdrawal of guidance, to sustain stakeholder support.	*5%*	Ongoing programme of appropriate engagement and communication with capital markets stakeholders through the pandemic on the business response and continued focus on strategy and pending capital allocation options, maintained stakeholder interest and support through a highly volatile period.	*5%*

Long-Term Incentive Share Awards 2018

The 2018 share awards granted on 26 April 2018 had a three-year performance period (2018 to 2020) which ended on 2 January 2021. Under the 2018 LTIP, the 2018 share awards incorporated Group performance conditions which are measured in respect of performance in the three-year period and independently verified by external advisers on behalf of the Committee.

For share awards from 2018 onwards, performance targets are set with future acquisitions in mind and are therefore reflective of the expected impact acquisitions may have on key performance conditions. This approach acknowledges the strategic importance of acquisitions to the Company's long-term performance and strategy.

For the Group Managing Director and Group Finance Director the 2018 performance conditions were; growth in annual adjusted EPS, Group ROCE and the Group's relative TSR measured against a peer group of the STOXX Europe 600 Food & Beverage Index.

2018 LTIP – 2018 share award vesting

The following table sets out the performance measures, weightings, targets and actual vesting outcome for the 2018 share awards, for the three-year performance period 2018-2020.

Performance Condition	Weighting (% of maximum)	Threshold (25% vesting)	Maximum (100% vesting)	Actual
Group EPS	40%	Three-year adjusted EPS growth equal to 4% CAGR	Three-year adjusted EPS growth equal to or greater than 9% CAGR	**Less than threshold CAGR of -4.97% Vesting 0%**
Group ROCE	40%	Three-year simple ROCE average equal to 10%	Three-year simple ROCE average equal to 13%	**Above threshold ROCE average of 11.02% Vesting 52.6%**
Group TSR	20%	Ranked at the median of the STOXX Europe 600 Food & Beverage Index	Ranked in the top quartile of the STOXX Europe 600 Food & Beverage Index	**Ranked below Median Vesting 0%**

The share awards granted to Executive Directors in 2018, under the 2018 LTIP, for the three-year performance period 2018-2020, vest no earlier than 26 April 2021 (3 years from the date of grant) as follows:

Executive Directors	Total number of shares awarded	Number of shares awarded expected to vest in 2021	Percentage outcome %	Value at grant of the shares vesting (A)	Change in value over vesting period of share vesting (B)	Total vesting value (A+B)[1]
S Talbot	155,005	32,613	21.0%	€452,179	-€113,656	€338,523
M Garvey	72,935	15,346	21.0%	€212,772	-€53,481	€159,291

1. This reflects the value of share awards expected to vest in 2021 with a three year performance period ended in January 2021. The total vesting values have been estimated using the official closing share price on 31 December 2020 (last day of trading for FY 2020) of €10.38. The value at grant of the shares vesting was €13.865 being the median between the high and low of a Glanbia plc share on 25 April 2018 the day of grant, which was the value used to determine the number of shares of the 2018 award.

Share Awards to past Executive Directors

The 2018 share awards granted to Hugh McGuire and Brian Phelan, who retired from the Board on 24 April 2019, have a 3-year performance period which ended on 2 January 2021. These awards will vest no earlier than 26 April 2021 as set out below. The awards were based on 30% Group EPS, 25% Group ROCE, 15% relative TSR along with 10% ROCE and 20% EBITA for GPN and GN as appropriate. Performance against Group targets is set out above. The Divisional targets and actual performance are not disclosed due to commercial sensitivity.

Past Directors	Total number of shares awarded	Number of shares expected to vest	Percentage outcome %	Total vesting value[1]
H McGuire, CEO of Glanbia Performance Nutrition	73,927	9,721	13.1%	€100,904
B Phelan, CEO of Glanbia Nutritionals	64,479	12,612	19.6%	€130,913

1. This reflects the value of share awards expected to vest in 2021 with a three year performance period ended in January 2021. The total vesting values have been estimated using the official closing share price on 31 December 2020 (last day of trading for FY 2020) of €10.38.

There are no other elements of remuneration to disclose in respect FY 2020 for past Directors.

Remuneration Committee Report continued

Methodology

The Committee has agreed that the target ranges of awards under LTIP 2018 are set in consideration of acquisitions and disposals over the three-year performance period and therefore no adjustment is made for acquisitions and disposals to determine vesting.

Group EPS

The Group's Compound Annual Growth Rate (CAGR) of adjusted EPS over the three-year performance period was a key metric for the Executive Directors' 2018 share award, representing a 40% weighting. Adjusted EPS is calculated as the profit attributable to the equity holders of the Company before exceptional items and intangible asset amortisation and impairment (excluding software amortisation) net of related tax, divided by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Group and held as own shares. The EPS performance condition is measured using constant currency to reflect more accurately underlying earnings performance and remove any distortionary effect of currency volatility.

Investors consider adjusted EPS to be a key indicator of long-term financial performance and value creation of a public limited company. Therefore adjusted EPS is a key metric to incentivise long-term sustainable business performance.

The table below shows the Group's reported adjusted EPS over the performance period from continuing operations.

2017	85.96c
2020	73.78c

Group ROCE

Group ROCE over the three-year performance period represented a 40% weighting for the 2018 share award. Group ROCE is defined as the Group's earnings before interest, and amortisation (net of related tax) plus the Group's share of the results of equity accounted investees after interest and tax divided by capital employed. Capital employed comprises the sum of the Group's total assets plus cumulative intangible asset amortisation and impairment less current liabilities and deferred tax liabilities excluding all borrowings, lease liabilities and acquisition related liabilities; retirement benefit assets and cash. It is calculated by taking the average of the relevant opening and closing balance sheet amounts.

Group TSR

The Group's TSR ranking relative to an agreed peer group of STOXX Europe 600 Food & Beverage Index represents the change in the capital value of a listed/quoted company over a period, plus dividends reinvested, expressed as a plus or minus percentage of the opening value. Investors regard TSR as an important indication of both earnings and capital growth relative to other major companies in the same sector as well as ensuring that share awards only vest if there has been a clear improvement in the Group's relative performance over the relevant period. Therefore TSR is a key metric to incentivise long-term sustainable business performance. This metric attracts a 20% weighting.

Long-Term Incentive Share Awards 2019 and 2020

2019 share awards and 2020 share awards were made to the Executive Directors on 21 March 2019 and 23 March 2020 respectively. Both awards are subject to the achievement of Group TSR, Group EPS and Group ROCE performance conditions, as set out below, measured over the relevant three year performance period. 2019 share awards will vest no earlier than 21 March 2022 with 2020 share awards vesting no earlier than 23 March 2023. Any vested shares are subject to a two-year holding period from date of vesting.

The performance conditions and weightings for all outstanding share awards under LTIP 2018 are set out in the following table.

		2019 Performance Metrics Financial Period 2019 – 2021			**2020 Performance Metrics** Financial Period 2020 – 2022		
Performance Condition	Weighting % of max	Vesting 0%	Vesting 25% (Threshold)*	Vesting 100% (Maximum)*	Vesting 0%	Vesting 25% (Threshold)*	Vesting 100% (Maximum)*
Group EPS Three-year adjusted EPS	40%	< 4% CAGR	= 4% CAGR	≥ 9% CAGR	< 4% CAGR	= 4% CAGR	≥ 9% CAGR
Group ROCE	40%	< 9%	= 9%	≥ 12%	< 9%	= 9%	≥ 12%
Group TSR Ranking in STOXX Europe 600 Food and Beverage Index	20%	Below the median	At median	In the top quartile	Below the median	At median	In the top quartile

* Straight line vesting between threshold performance and maximum performance.

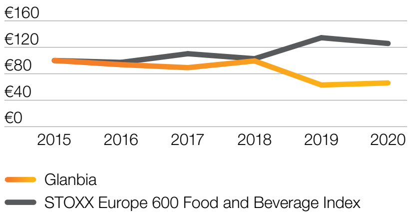
Achievement against performance conditions is determined on a constant currency basis to reflect more accurately underlying earnings performance and remove any distortionary effect of currency volatility. LTIP performance targets are set with future acquisitions in mind and are therefore reflective of the expected impact acquisitions may have on key performance conditions. This approach acknowledges the strategic importance of acquisitions to the Group's long-term performance and strategy.

Covid-19 and Long-Term Incentive Awards 2019 and 2020

As referenced in the Committee Chairman's letter, Covid-19 has had a significant impact on the inflight awards for 2019 and 2020, with the performance conditions for 2020 awards set only weeks before the onset of the pandemic. The ability for the 2019 and 2020 awards to achieve the objective of 'long-term retention and reward for sustainable performance' has been largely eroded. Whilst the Committee recognises this, it has decided not to take any action at this time but to consult with shareholders during 2021 in respect of what actions, if any, should be taken to re-incentivise management through these inflight awards. If action is deemed warranted it will be subject to a separate resolution for shareholder approval at the 2022 AGM.

TSR Performance

The graph illustrates the TSR performance of the Group over the past five years showing the change in value of €100 invested in Group's shares from 3 January 2016 to 2 January 2021 (dates aligning with opening and closing financial periods) compared with the STOXX Europe 600 Food & Beverage Index of which the Group is a constituent.



Group Managing Director Total Remuneration

The table below sets out the remuneration received by the Group Managing Director. This table will be extended each year to cover a 10 year period.

Siobhán Talbot – Group Managing Director	2015	2016	2017	2018	2019	**2020**
Total Remuneration €'000	2,631	3,133	3,229	3,466	1,577[1]	**2,310**
Annual Incentive achieved as a % of maximum	81.2%	90.5%	71.6%	92.8%	0.0%[1]	**36.3%**
Long-term Incentives achieved as a % of maximum	74.98%	81.07%	76.79%	58.13%	17.64%	**21.0%**

1. S Talbot voluntarily waived the entire 2019 annual incentive which would have otherwise resulted in a Total Remuneration earned in 2019 of €2.104 million. Annual Incentive earned in 2019 was 33.4% of maximum.

Directors' shareholdings

As at 2 January 2021 the Executive Directors' share ownership against the guidelines was as follows:

Executive Directors	Shares held as at 2 January 2021	% of base salary as at 2 January 2020, based on market value as at 2 January 2021[1]	Shareholding guidance
S Talbot	317,798	306.5%	250%
M Garvey	111,285	194.0%	150%

1. The market values have been estimated using the official closing price of a Glanbia plc share on 2 January 2021 of €10.38.

Dilution

Share awards granted under the 2008 LTIP, 2018 LTIP and the Annual Deferred Incentive are satisfied through the funding of employee benefit trusts which acquire shares in the market. The Company's employee benefit trusts held 692,698 shares at 2 January 2021.

The exercise of share options under the 2002 LTIP (which expired in 2012) is satisfied by the allotment of newly issued shares. At 2 January 2021 the total number of shares which could be allotted under this scheme was 40,000 shares which represent significantly less than one percent of the issued share capital of the Company.

Remuneration Committee Report continued

Change in remuneration of Directors compared to employees

The table below shows the percentage change in total remuneration using the single figure methodology for the years ended 4 January 2020 and 2 January 2021 for the Directors of the Company and the average of all permanent employees of the Group on a full time equivalent basis. For the purpose of this disclosure the Group is defined as all employees of wholly-owned entities in US and Ireland who are deemed to be most representative of the global workforce.

		2019-2020		
		Total remuneration 2020, €'000	Total remuneration 2019, €'000	Change in total remuneration % 2019 to 2020
Executive Directors				
S Talbot[1]	Earned	2,310	2,104	9.8%[1]
	Paid	2,310	1,577	46.5%[1]
M Garvey[2]	Earned	1,238	1,165	6.3%[2]
	Paid	1,238	1,103	12.2%[2]
Non-Executive Directors				
Mn Keane[3]		97	113	-14.2%
J Murphy[3]		56	60	-6.7%
P Murphy[3]		56	60	-6.7%
P Ahern		43	43	0.0%
P Coveney		85	85	0.0%
J Daly[4]		71	57	24.6%
D Gaynor[5]		150	95	57.9%
V Gorman		43	43	0.0%
B Hayes		43	43	0.0%
M Minnick[4]		85	57	49.1%
D O'Connor		95	95	0.0%
Average remuneration on full-time equivalent basis Employees of the Group[6]		81	75	8%

1. S Talbot earned Total Remuneration of €2.104 million in 2019 but was paid €1.577 million due to the entire 2019 annual incentive being voluntarily waived. 2020 earned total remuneration is +9.8% on 2019 earned Total Remuneration.
2. M Garvey earned Total Remuneration of €1.165 million in 2019 but was paid €1.103 million due to a portion of the 2019 annual incentive being voluntarily waved. 2020 earned total remuneration is +6.3% on 2019 earned Total Remuneration.
3. Following the appointment of an independent of the Society, Non-Executive Director, D Gaynor as Group Chairman, the Society-nominated positions of Group Chairman (Mn Keane) and Vice Chairmen (J Murphy and P Murphy) were no longer applicable for the Glanbia plc Board. This is reflected in the % change in total remuneration from 2019 to 2020.
4. J Daly and M Minnick were both appointed 1 May 2019 and stepped down 1 November 2020 and 31 December 2020 respectively. The % change of +24.6% and +49.1% reflects total remuneration for service in 2019 and 2020.
5. D Gaynor was appointed Group Chairman effective 8 October 2020, the % change in total remuneration from 2019 to 2020 reflects his appointment and the increase in Group Chairman fees as set out page 105.
6. Average remuneration has been determined based on the workforce of wholly-owned entities in US and Ireland which is most representative of the global workforce.

Chief Executive to all-employee pay ratio

Whilst not a reporting-requirement, a voluntary disclosure on CEO pay ratio for 2020 and 2019 is set out below. The disclosure is based on the workforce of wholly-owned entities in US and Ireland which is most representative of the global workforce. Total remuneration has been determined using the 'single total figure' methodology as it provides a like-for-like comparison between the Chief Executive and other employees. All elements of remuneration were calculated on a full-time and full-year equivalent basis and no adjustments or assumptions were made by the Committee. A significant portion of the Chief Executive Officer's total remuneration is delivered through the Group's short-term and long-term incentives, where awards are aligned to strategic objectives and share awards are subject to share price movements over time. The fluctuation of variable payments can be seen in comparing the Total Remuneration ratios from 2019 to 2020 where the median CEO pay ratio, for example, is 28 times and 41 times respectively. This variation reflects the Chief Executive Officer's voluntary waiver of the entire annual incentive payment in 2019 and 2017 share award vesting as compared with the 2020 annual incentive and 2018 share award vesting, as set out on the total remuneration table on page 106. The Committee will monitor both the absolute ratios and the trend over time, and seek to understand the underlying drivers of these.

Financial Year		P25 (Lower Quartile) €'000	P50 (Median) €'000	P75 (Upper Quartile) €'000	Chief Executive €'000
2019	Total Remuneration (€)	38	57	85	1,577[1]
	Total Remuneration Ratio	41	28	18	n/a
	Base Salary (€)	32	43	70	1,050
	Base Salary Ratio	32	25	15	n/a
2020	Total Remuneration (€)	41	57	91	2,310
	Total Remuneration Ratio	57	41	26	n/a
	Base Salary (€)	33	44	70	1,050
	Base Salary Ratio	32	24	15	n/a

1. In 2019 S Talbot was paid Total Remuneration of €1.577 million but earned €2.104 million. S Talbot voluntarily waived the entire 2019 annual incentive, 33.4% of maximum.

Implementation of policy in 2021

Salary, pension and benefits

The base salaries of the Group Managing Director and Group Finance Director are increased by 2.5% to €1,076,250 and €595,525 respectively, effective 1 January 2021.

All pension and other benefits will remain unchanged for 2021 with the Executive Directors' pension provision being aligned to the workforce in Ireland by 31 December 2022.

2021 Annual Incentive

Annual Incentive opportunity for the Group Managing Director and Group Finance Director in 2021 will remain unchanged at 150% of salary. Annual Incentive will continue to be based on EPS, Group Operating Cash flow and individual performance objectives. For 2021, noting investor and proxy agency policy to consider the use of ESG metrics in incentives and acknowledging the importance to our business we are introducing to the STIP an ESG metric which will focus on the execution of the Group's Diversity and Inclusion (D&I) strategy. In response to shareholders' feedback the Committee continues to review the use of adjusted EPS in both the Annual and Long-Term Incentive Plan and whether there is an alternative measure of profit that might be used in the Annual Incentive. The Committee concluded that adjusted EPS be retained for 2021 for both the annual and long-term incentive. EPS in the Annual Incentive measures EPS over one year only and in the long-term incentive over a three year period and management is therefore being rewarded for short term profit and separately for critically long-term sustainable profit over a three year period. In addition, EPS includes profit derived from our significant joint ventures which is not captured by alternative measures of profit. The Committee believes that the targets being set for 2021 reflect internal planning and are appropriately challenging relative to prior years given the current commercial circumstances. The Committee will consider all aspects of the Annual Incentive as part of the policy review in 2021.

2021 LTIP share awards

The share award levels in 2020 were scaled back to 200% of salary (from 250% of salary) for the Group Managing Director and 160% of salary (from 200% of salary) for the Group Finance Director to reflect the decline in share price over 2019. The 2021 share awards are expected to be made in line with policy at 250% and 200% of salary for the Group Managing Director and Group Finance Director respectively.

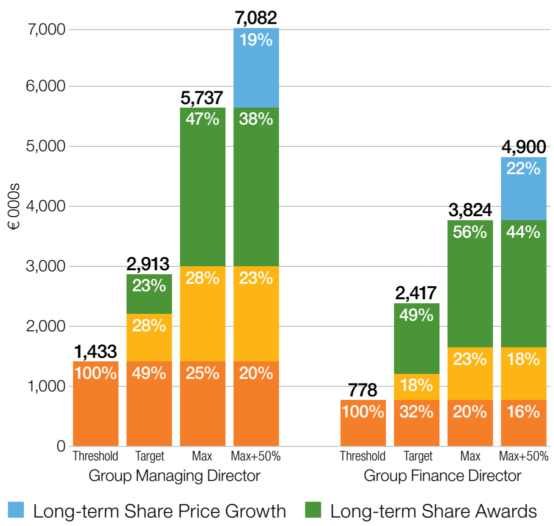
The vesting criteria for 2021 share awards for the Group Managing Director and Group Finance Director will be adjusted to reflect the increased focus on earnings recovery and introduction of an environmental metric again reflecting its importance to Group business strategy and noting investor and proxy agency feedback. For 2021 the environmental metric will focus on implementation of carbon emission reduction measures, including conversion to renewable electricity where available.

	2018 Long-Term Incentive Plan 2021 share award			
Executive Directors	Adjusted EPS growth (constant currency)	Group ROCE	TSR ranking In the comparator group	Environmental Metric
S Talbot / M Garvey	50%	30%	10%	10%

In the context of the continuing challenging environment due to the Covid-19 pandemic, the Committee will take time to consider the appropriate target range for the EPS and ROCE measures, ensuring targets continue to be challenging and consistent with the Committee's focus on incentivising a long-term profitable growth. The Committee expects to be in a position to disclose the target range by way of a regulatory announcement not later than six months after the award is granted. Full disclosure of the target ranges will also be provided in next year's Remuneration Committee Report.

Application of Remuneration Policy for 2021

The chart below shows how the composition of each of the Executive Directors' packages varies at different levels of performance under the operation of the Remuneration Policy for 2021. The assumptions noted for "target" performance are provided for illustration purposes only.



	Performance Levels		
	Threshold	Target	Maximum 1) assuming constant share price and 2) assuming 50% increase in share price
Fixed Pay	Fixed pay, being base salary, pension allowances for the 2021 financial year and other benefits taken from the single total figure for the prior period		
Annual Incentives	Nil	75% of salary for both Group Managing Director and Group Finance Director	150% of salary for both Group Managing Director and Group Finance Director
Long-term Incentives	Nil	25% vesting of share awards 25% x 250% of Group Managing Director salary 25% x 200% of Group Finance Director salary	100% vesting of share awards 100% x 250% of Group Managing Director salary 100% x 200% of Group Finance Director salary

Remuneration Committee Report continued

Directors' remuneration and interests in shares in Glanbia plc

Tables A to G on the following pages give details of the Directors' remuneration and interests in shares in Glanbia plc held by Directors and the Group Secretary and their connected persons as at 2 January 2021. There have been no changes in the interests listed in Tables B to G between 2 January 2021 and 23 February 2021. The official closing share price on 31 December 2020 (last day of trading for the 2020 financial year) was €10.38 and the range during the year was €11.49 to €7.70. The average price for the year was €9.75.

Table A: 2020 Directors' Remuneration

The salary, fees, incentives and other benefits pursuant to the remuneration package of each Director during the year are set out below. Consistent with disclosures in this years Annual Report, Total Remuneration for 2019 and 2020 reflects the value of relevant vested share awards.

	Date of Directorship appointment/retirement	Salary €'000	Fees €'000	Pension contribution[1] €'000	Other benefits[2] €'000	Annual Incentive (payable in cash)[3] €'000	Annual Incentive (deferred shares)[4] €'000	Long-Term Incentive[5] €'000	2020 Total €'000	2019 Total[6] (Restated) €'000
Executive Directors										
S Talbot		1,050	–	–	349	572	–	339	2,310	1,577
M Garvey		581	–	145	33	320	–	159	1,238	1,103
H McGuire[7]	Stepped down 24 April 2019	–	–	–	–	–	–	101	101	279
B Phelan[7]	Stepped down 24 April 2019	–	–	–	–	–	–	131	131	359
2020		**1,631**	**–**	**145**	**382**	**892**	**–**	**730**	**3,780**	
2019		1,942	–	145	486	93	256	396		3,318
Non-Executive Directors										
D Gaynor[8]		–	150	–	–	–	–		150	95
P Ahern		–	43	–	–	–	–		43	43
R Brennan	App. 1 January 2021	–	–	–	–	–	–		–	–
P Coveney		–	85	–	–	–	–		85	85
J Daly	App. 1 May 2019 and Ret. 1 November 2020	–	71	–	–	–	–		71	57
J Doheny	Ret. 22 April 2020	–	13	–	–	–	–		13	43
V Gorman		–	43	–	–	–	–		43	43
P Haran	Ret. 1 May 2019	–	–	–	–	–	–		–	32
B Hayes		–	43	–	–	–	–		43	43
Mn Keane	Ret. as Chairman 8 October 2020	–	97	–	–	–	–		97	113
R Laube	App. 1 May 2019 and Ret. 28 February 2020	–	14	–	–	–	–		14	57
J Lodge	App. 1 November 2020	–	14	–	–	–	–		14	–
M Minnick	App. 1 May 2019 and Ret. 31 December 2020	–	85	–	–	–	–		85	57
J G Murphy		–	56	–	–	–	–		56	60
J Murphy	App. 8 October 2020	–	10	–	–	–	–		10	–
P Murphy		–	56	–	–	–	–		56	60
D O'Connor		–	95	–	–	–	–		95	95
E Power	Ret. 22 April 2020	–	13	–	–	–	–		13	43
2020		**–**	**888**	**–**	**–**	**–**	**–**		**888**	
2019		–	926	–	–	–	–			926
Total 2020		**1,631**	**888**	**145**	**382**	**892**	**–**	**730**	**4,668**	
Total 2019		1,942	926	145	486	93	256	396		4,244

1. M Garvey participates in the Glanbia defined contribution plan with a contribution of 25%.
2. Other benefits include company car or equivalent, medical/life assurance and taxable cash in lieu of pension payments of 26.5% of salary to S Talbot.
3. This reflects the proportion of the Annual Incentive payable in cash to Executive Directors in respect of performance for full year 2020.
4. This reflects the proportion of the Annual Incentive (over 75% of base salary) which is nil for 2020. This would ordinarily be invested in shares and retained for two years, following appropriate taxation and social security deductions.
5. For 2019, this reflects the value of the 2017 share awards which vested on 24 April 2020. The gross value is calculated using the official opening share price on the date of vest of €9.24. 2017 vested share awards are held for a 2 year period to April 2022. For 2020, this reflects the value of the 2018 share awards which will vest on 26 April 2021, earliest, the performance period for which ended on 2 January 2021. The gross value is calculated using the official closing share price on 31 December 2020 (last day of trading for the 2020 financial year) of €10.38. 2018 vested share awards are held for a 2 year period from the date of vest.
6. 2019 Total Remuneration is restated to include the value of the 2017 share awards as outlined in note 5.
7. H McGuire and B Phelan stepped down as Executive Directors on 24 April 2019. The vest value of share awards granted while Executive Directors in 2017 and 2018, in respect of performance periods ending in 2019 and 2020 respectively, are included in the table above. The total remuneration for 2019 also reflects other remuneration paid in the period of qualifying service to 24 April 2019.
8. D Gaynor was appointed Group Chairman effective 8 October 2020, the % change in total remuneration from 2019 to 2020 reflects his appointment and the increase in Group Chairman fees as set out page 105.

Details of Directors' long-term awards expected to vest in respect of performance to 2 January 2021 are set out on pages 109 to 110.

The defined pension benefit of the Executive Directors during the year was as follows:

	Transfer value of increase in accrued pension €' 000	Annual pension accrued in 2020 in excess of inflation €' 000	Total annual accrued pension at 2 January 2021 €' 000
S Talbot	–	–	159
2020	–	–	159
2019	–	–	159

Table B: Directors' and Secretary's interests in ordinary shares in Glanbia plc

		As at 2 January 2021 Ordinary Shares	As at 5 January 2020 Ordinary Shares*
Directors			
D Gaynor		10,000	10,000
S Talbot	1	317,798	297,192
P Ahern		14,091	14,091
R Brennan	2	–	–
P Coveney		3,900	3,900
M Garvey	1	111,285	92,255
V Gorman		6,033	6,033
B Hayes		34,846	34,846
Mn Keane		33,742	33,742
J Lodge	3	–	–
J G Murphy		7,283	7,283
J Murphy	4	1,292	1,292
P Murphy		11,506	11,506
D O'Connor		7,680	7,680
Secretary			
M Horan		41,990	39,755

* or at date of original appointment to the Board

1. Executive Director.
2. Appointed 1 January 2021.
3. Appointed 1 November 2020.
4. Appointed 8 October 2020.

Note: The ordinary shares held in trust for the Directors and Secretary disclosed in Table C below are included in the total number of ordinary shares held by the Directors and Secretary above.

None of the Directors have used the shares above as security.

Table C: Directors' and Secretary's interests in ordinary shares in Glanbia plc subject to restriction

	2008 LTIP[2]	2008 LTIP[3]	2018 Annual Deferred Incentive[4]	2019 Annual Deferred Incentive[5]	Total[1]
Executive Directors					
S Talbot	32,259	10,606	17,124	–	59,989
M Garvey	13,763	4,990	10,071	14,040	42,864
Secretary					
M Horan	11,837	2,235	5,442	–	19,514

1. The above ordinary shares are held on trust for the Directors and Secretary by the Glanbia plc Section 128D Employee Benefit Trust and are included in the total number of ordinary shares held by the Directors and Secretary disclosed in Table B.
2. Subject to restriction on sale until 11 March 2021.
3. Subject to restriction on sale until 24 April 2022.
4. Subject to restriction on sale until 28 March 2021.
5. Subject to restriction on sale until 27 March 2022.

Remuneration Committee Report continued

Table D: Summary of Directors' and Secretary's interests in Glanbia plc 2018 and 2008 LTIP

	As at 2 January 2021 2018 LTIP Share awards	As at 5 January 2020 2018 LTIP Share awards	As at 2 January 2021 2008 LTIP Share awards	As at 5 January 2020 2008 LTIP Share awards
Directors				
S Talbot	539,733	300,757	–	112,451
M Garvey	243,242	137,455	–	52,911
Secretary				
M Horan	108,952	63,228	–	23,702

Table E: Directors' and Secretary's interests in 2018 LTIP

	Date of Grant	As at 5 January 2020	Granted during the year	Vested during the year	Lapsed during the year	As at 2 January 2021	Market price at date of award €	Earliest date for vesting	Expiry date	Notes
Directors										
S Talbot										
	26-Apr-18	155,005	–	–	–	155,005	13.86	26-Apr-21	26-Apr-22	1
	21-Mar-19	145,752	–	–	–	145,752	17.73	21-Mar-22	21-Mar-23	2
	23-Mar-20	–	238,976	–	–	238,976	8.24	23-Mar-23	23-Mar-24	3
Total:		**300,757**	**238,976**	**–**	**–**	**539,733**				
M Garvey										
	26-Apr-18	72,935	–	–	–	72,935	13.86	26-Apr-21	26-Apr-22	1
	21-Mar-19	64,520	–	–	–	64,520	17.73	21-Mar-22	21-Mar-23	2
	23-Mar-20	–	105,787	–	–	105,787	8.24	23-Mar-23	23-Mar-24	3
Total:		**137,455**	**105,787**	**–**	**–**	**243,242**				
Secretary										
M Horan										
	26-Apr-18	35,341	–	–	–	35,341	13.86	26-Apr-21	26-Apr-22	1
	21-Mar-19	27,887	–	–	–	27,887	17.73	21-Mar-22	21-Mar-23	2
	23-Mar-20	–	45,724	–	–	45,724	8.24	23-Mar-23	23-Mar-24	3
Total:		**63,228**	**45,724**	**–**	**–**	**108,952**				

1. Share awards granted on 26 April 2018 were subject to performance conditions measured over the three financial years ended 2 January 2021. The outcome of these performance conditions and the number of share awards expected to vest to Executive Directors during 2021 are set out on page 109. The vested share award, net of relevant taxation and social security deductions, will be restricted from sale for two years and be held on trust for them by the trustee of the Glanbia plc section 128D Employee Benefit Trust.
2. The performance period in respect of the 2018 LTIP awards made in 2019 is the three financial years ending 2021.
3. The performance period in respect of the 2018 LTIP awards made in 2020 is the three financial years ending 2022.

The performance conditions attached to the awards granted in 2019 and 2020 are detailed in the section entitled 'Long-Term Incentive Awards 2019 and 2020' on page 110.

Table F: Directors' and Secretary's interests in 2008 LTIP

	Date of Grant	As at 5 January 2020	Granted during the year	Vested during the year	Lapsed during the year	As at 2 January 2021	Market price at date of award €	Earliest date for vesting	Expiry date	Notes
Directors										
S Talbot										
	23-Feb-17	112,451	–	19,837	92,614	–	18.05	23-Feb-20	23-Feb-21	1,2,3
Total:		**112,451**	**–**	**19,837**	**92,614**	**–**				
M Garvey										
	23-Feb-17	52,911	–	9,334	43,577	–	18.05	23-Feb-20	23-Feb-21	1,2,3
Total:		**52,911**	**–**	**9,334**	**43,577**	**–**				
Secretary										
M Horan										
	23-Feb-17	23,702	–	4,181	19,521	–	18.05	23-Feb-20	23-Feb-21	1,2,3
Total:		**23,702**	**–**	**4,181**	**19,521**	**–**				

1. Share awards granted on 23 February 2017 were subject to performance conditions measured over the three financial years ended 4 January 2020. The awards vested on 24 April 2020 and the percentage of the awards vested are shown in Table H below.
2. Directors were permitted to sell sufficient shares to satisfy any tax or social security deductions arising on the acquisition of the shares. The balance of the shares is restricted from sale for two years and are held on trust for the Directors by the trustee of the Glanbia plc Section 128D Employee Benefit Trust.
3. The total number of shares subject to restriction are included in the total number of ordinary shares disclosed in Table B on Page 115.

Table G: Directors' and Secretary's Annual Deferred Incentive

	Value of Annual Incentive converted into shares €[1]	Date of conversion/ acquisition of shares	Acquisition price per share at date of conversion	Number of shares acquired
Directors				
S Talbot				
2018 Annual Deferred Incentive	€553,000	28-Mar-19	€17.285	31,966
2019 Annual Deferred Incentive	–	–	–	–
M Garvey				
2018 Annual Deferred Incentive	€325,000	28-Mar-19	€17.285	18,801
2019 Annual Deferred Incentive	€256,000	27-Mar-20	€9.750	26,208
Secretary				
M Horan				
2018 Annual Deferred Incentive	€176,000	28-Mar-19	€17.285	10,160
2019 Annual Deferred Incentive	–	–	–	–

1. Numbers are rounded to the nearest thousand.
2. Directors were permitted to sell sufficient shares to satisfy any tax or social security deductions arising on the acquisition of the shares. The balance of the shares are restricted from sale for two years and are held on trust for the Directors by the trustee of the Glanbia plc Section 128D Employee Benefit Trust.
3. The total number of shares subject to restriction are included in the total number of ordinary shares disclosed in Table B on Page 115.

Table H: Value of Awards expected to vest in 2021 and awards vested in 2020

	Number of shares awarded expected to vest in 2021	Percentage Outcome %	Estimated Market Value €[1]	Number of shares vested in 2020	Percentage Outcomes %	Estimated Market Value €[2]
Executive Directors						
S Talbot	32,613	21.0%	338,523	19,837	17.7%	183,294
M Garvey	15,346	21.0%	159,291	9,334	17.7%	86,246

1. This reflects the value of long-term incentive share awards expected to vest in 2021 with a three year performance period ended in 2020.
The market values have been estimated using the official closing price of a Glanbia plc share on 31 December 2020 (being the last day of trading on the Euronext Dublin before year end 2 January 2021) of €10.38.
2. This reflects the value of long-term incentive share awards vested in 2020 with a three year performance period ended in 2019. These have been valued at the market value of the shares on the date of vesting €9.24 per share (official opening price).

Other Statutory Information

Principal activities, strategy and business model
Glanbia plc is a global nutrition group, headquartered in Ireland, with a direct presence in 32 countries worldwide.

The Group's business model and strategy are summarised in the Strategic Report on pages 21 to 23.

The Group Chairman's statement on pages 16 and 17, the Group Managing Director's review on pages 18 to 20, the Operations review on pages 32 to 41 and the Group Finance Director's review on pages 42 to 47 contain a review of the development and performance of the Group's business during the year, of the state of affairs of the business at 2 January 2021, of recent events and of likely future developments. Information in respect of events since the year end is included in these sections and in Note 36 to the Financial Statements.

As set out in the Group Income Statement on page 136, the Group reported a profit for the period of €143.8 million after exceptionals. Comprehensive reviews of the financial and operating performance of the Group during 2020 are set out in the Group Finance Director's review on pages 42 to 47 and in the Operations review on pages 32 to 41. Key Performance Indicators are set out on pages 30 and 31. The treasury policy and the financial risk management objectives of the Group are set out in detail in Note 29 to the Financial Statements. Our approach to our people and our stakeholders is discussed on pages 24 to 27 and 74 to 75 and sustainability is discussed on pages 48 to 53.

Non-Financial Reporting Statement
The Group aims to comply with the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, SI No. 360 of 2017 (as amended). The table on page 64 is designed to help stakeholders navigate to the relevant sections in this Annual Report to understand the Group's approach to these non-financial risks. Many of our policies can be viewed on www.glanbia.com.

Process for appointment/retirement of Directors
In addition to the Companies Act 2014, the constitution of the Company contains provisions regarding the appointment and retirement of Directors. At each Annual General Meeting (AGM) the constitution of the Company provides that each Director who has been in office at the conclusion of each of the three preceding AGMs, and who has not been appointed or re-appointed at either of the two most recently held of those three meetings, shall retire from office; however in accordance with the UK Corporate Governance Code (2018), all of the Directors are subject to annual re-election. Each of the Directors, with the exception of Martin Keane (who is not putting himself forward for re-election at the AGM), will retire at the 2021 AGM and, being eligible, offer themselves for re-appointment. The constitution of the Company also allows the election and re-election of Independent Directors to be conducted in accordance with the election provisions for Independent Non-Executive Directors in the Euronext Dublin Listing Rules and the United Kingdom Listing Authority (UKLA) Listing Rules.

No person, other than a Director retiring by rotation, shall be appointed a Director at any general meeting unless he/she is recommended by the Directors or, not less than seven nor more than 42 days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment. If a Director is also a director of Glanbia Co-operative Society Limited (the 'Society'), the constitution of the Company provides that his or her appointment as a Director shall terminate automatically in the event of his or her ceasing to be a director of the Society.

The constitution of the Company also contains provisions regarding the automatic retirement of a Director in certain other limited circumstances.

Annual General Meeting
The Company's 2021 AGM will be held on 6 May 2021. Full details of the 2021 AGM, together with explanations of the resolutions to be proposed, will be contained in the Notice of the 2021 AGM. The record date for the 2021 AGM will be determined in accordance with section 1087G and 1105 of the Companies Act 2014.

Powers of the Directors
The Directors are responsible for the management of the business of the Company and the Group and may exercise all powers of the Company subject to applicable legislation and regulation and the constitution of the Company. At the 2020 AGM, the Directors were given the power to issue new shares up to a nominal amount of €3,237,258.96. This power will expire on the earlier of the close of business on the date of the 2021 AGM or 21 July 2021. Accordingly, a resolution will be proposed at the 2021 AGM to renew the Company's authority to issue new shares.

At the 2020 AGM, the Directors were also given the power to:

i. dis-apply the strict statutory pre-emption provisions in the event of a rights issue or other pre-emptive issue or in any other issue up to an aggregate amount equal to 5% of the nominal value of the Company's issued share capital. This 5% limit includes any treasury shares re-issued by the Company while this authority remains operable; and
ii. dis-apply the strict statutory pre-emption provisions for an additional 5% for specific transactions. The resolution gave the Directors an additional power to allot shares on a non-pre-emptive basis and for cash up to a further 5% of the issued share capital in connection with an acquisition or a specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue. The 5% limit includes any treasury shares reissued by the Company while this authority remains operable.

These powers will expire on the date of the 2021 AGM or 21 July 2021, whichever is earlier. Accordingly, resolutions will be proposed at the 2021 AGM to renew these authorities.

It is the Directors' intention to follow the provisions of the Pre-emption Group Statement of Principles regarding cumulative usage of authorities within a rolling three-year period. These principles provide that companies should consult shareholders prior to issuing, other than to existing shareholders, shares for cash representing in excess of 7.5% of a company's issued share capital in any rolling three-year period.

At the 2020 AGM, the Directors were also given the power to buy back a maximum number of 29,604,568 ordinary shares at a minimum price of €0.06 each. The maximum price was an amount equal to 105% of the average of the middle market quotations of the Company's ordinary shares as derived from the Euronext Dublin Daily Official List for the five business days immediately preceding the day on which such ordinary shares are contracted to be purchased. This power will expire at the earlier of the conclusion of the 2021 AGM or 21 July 2021 and a resolution will be proposed at the 2021 AGM to renew this power. A special resolution will be proposed at the 2021 AGM to renew the Company's authority to acquire its own shares. At the 2020 AGM, shareholders also authorised the maximum and minimum prices at which the Company may reissue off-market such shares as it may purchase. This authority will expire at the earlier of the conclusion of the 2021 AGM or 21 July 2021 and a resolution will be proposed at the 2021 AGM to renew this authority.

Research and development

The Group is fully committed to ongoing technological innovation in all sectors of its business, providing integrated customer-focused product development by leveraging our global technology capabilities and expertise. Expenditure on research and development amounted to €17.3 million in 2020 (2019: €12.7 million) as disclosed in Note 5 to the Financial Statements.

Dividends

An interim dividend of 10.68 cent per share was paid on 2 October 2020 (an aggregate of €31.5 million) to shareholders on the share register at the close of business on 21 August 2020. The Directors propose a final dividend of 15.94 cent per share (an aggregate of €46.8 million) bringing the total dividend in respect of 2020 to 26.62 cent per share (an aggregate of €78.3 million). Subject to shareholder approval, the final dividend will be paid on 7 May 2021 to shareholders on the share register on 26 March 2021. The foregoing amounts paid are net of dividends waived by the Group's Employee Trusts.

Total dividends paid during 2020 amounted to an aggregate of €78.6 million (being a final dividend of 15.94 cent per share paid on 24 April 2020 (an aggregate of €47.1 million) and an interim dividend of 10.68 cent per share paid on 2 October 2020 (an aggregate of €31.5 million). The foregoing amounts paid are net of dividends waived by the Group's Employee Trusts.

Following approval by shareholders at the AGM in 2010, all dividend payments will be made by direct credit transfer into a nominated bank or financial institution. If a shareholder has not provided his/her account details prior to the payment of the dividend, a shareholder will be sent the normal tax voucher advising a shareholder of the amount of his/her dividend and that the amount is being held because his/her direct credit transfer instructions had not been received in time. A shareholder's dividends will not accrue interest while they are held. Payment will be transferred to a shareholder's account as soon as possible on receipt of his/her direct credit transfer instructions.

For the past number of years, dividends have been paid in sterling to shareholders whose address, according to the Glanbia share register, is in the UK (unless they have elected otherwise). From Monday, 15 March 2021 this structure will change and a default currency of euro will be applied to all new shareholders who come on to the Glanbia plc share register, regardless of their registered address. Where an existing shareholder holds shares in certificated (i.e. paper) form and has previously received sterling because his/her registered address is in the UK or because he/she has previously elected to receive sterling, he/she will continue to receive sterling after 15 March 2021 unless he/she elects otherwise. All other shareholders will henceforth automatically be paid in euro unless a sterling currency election is made (including those shareholders who hold their shares in uncertificated (i.e. dematerialised) form).

Currently all trades on both Euronext Dublin and the London Stock Exchange are settled via the CREST securities settlement system in the UK. However, with the UK's departure from the EU, the Company has no choice but to migrate from the CREST securities settlement system to a new depository arrangement involving a combination of Euroclear Bank in Brussels and the CREST system (the "Migration"). Shareholders holding their shares, subject to Migration in March 2021, via the central securities depository operated by Euroclear Bank or CREST will receive dividends electronically via such systems. To avail of these facilities, shareholders should follow the applicable procedures in the EB Services Description, the EB Rights of Participants Document and the CREST International Manual. It is important to note that any previously recorded currency/tax elections for shares in uncertificated (i.e. dematerialised) form will not apply after the Migration and we have been advised that where shares are held via the central securities depository operated by Euroclear Bank or CREST, it will be necessary for the relevant shareholders to submit their currency elections and any appropriate tax certification declaration in accordance with the respective procedures prior to each payment.

Irish Dividend Withholding Tax (DWT) must be deducted from dividends paid by an Irish resident company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrar. DWT is deducted at the standard rate of Income Tax (25%). Non-resident shareholders located in countries with a double tax treaty with Ireland and certain Irish companies, trusts, pension schemes, investment undertakings and charities may be entitled to claim exemption from DWT. Copies of the exemption form may be obtained from the Company's Registrar. Shareholders should note that DWT will be deducted from dividends in cases where a properly completed form has not been received by the market deadline for the dividend. Individuals who are resident in Ireland for tax purposes are not entitled to an exemption. If shares are held via Euroclear Bank or CREST, the owners of the shares will need to contact the intermediary through whom the shares are held to ascertain arrangements for tax relief to be applied at source.

Political donations

The Electoral Act, 1997 as amended requires companies to disclose all political donations over €200 in aggregate made during the financial year. The Directors, on enquiry, have satisfied themselves that no payment or other donations in excess of this amount have been made by the Group.

Issued share capital

At 2 January 2021 the authorised share capital of the Company was 350,000,000 ordinary shares of €0.06 each and the issued share capital was 294,401,777 (2019: 296,045,684) ordinary shares of €0.06 each, of which 31.7% was held by the Society. All the Company's shares are fully paid up and quoted on Euronext Dublin and the London Stock Exchange. The Company did not allot any shares during the year. The Company repurchased 1,643,907 shares during the year as part of the share buyback programme.

Other Statutory Information continued

Details of the Company's share capital and shares under share award at 2 January 2021 are given in Notes 22 and 23, respectively, to the Financial Statements.

Share Buyback

In October 2020, the Company announced the introduction of a share Buyback Programme to repurchase ordinary shares of up to €50 million (the 'Buyback Programme').

During 2020, the Company repurchased a total of 1,643,907 ordinary shares under the Buyback Programme, returning a total of circa €16.6 million in cash to shareholders.

The table below sets out the ordinary shares repurchased under the Buyback Programme.

Month	Total number of share buyback purchases	Average price paid per share
November	883,907	€9.83
December	760,000	€10.41
Total 2020	**1,643,907**	**€10.10**

See Note 23 to the Consolidated Financial Statements for further details.

Rights and obligations of ordinary shares

On a show of hands at a general meeting, every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote. On a poll, every shareholder present in person or by proxy, shall have one vote for every ordinary share held. In accordance with the provisions of the constitution of the Company, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes. On a return of capital on a winding up, holders of ordinary shares are entitled to participate.

Restrictions on transfer of shares/votes

With the exception of restrictions on transfer of shares under the Group's share schemes, (while the shares are subject to such schemes), there are no restrictions on the voting rights attaching to the Company's ordinary shares (except as outlined below) or the transfer of securities in the Company.

Certain restrictions on transfers of shares may from time to time be imposed by the Group's share dealing rules and/or the Market Abuse Regulation (EU) No 596/2014. Directors and certain employees are required to seek the Company's approval to deal in its shares. Additionally, members of the Group Operating Executive are required to hold a proportion of the value of their base salary in shares. These shares may not normally be transferred during the individuals' period in office. Where participants in a Group share scheme operated by the Group are the beneficial owners of shares but not the registered owner, the voting rights are normally exercised by the registered owner at the direction of the participants.

Article 2 of the constitution of the Company provides that any ordinary shares acquired by any person who is/was an employee of the Group or any associate or joint venture (provided he is neither a Director of the Company nor a director of the Society) shall be non-voting shares if such acquisition would, if not for this restriction on voting rights, cause such person to be deemed to have acquired indirect control of the Company or to have to make an offer under Rule 9 of the Irish Takeover Panel Act 1997, Takeover Rules 2013.

Under the constitution of the Company, the Directors have the power to impose restrictions on the exercise of rights attaching to share(s) where the holder of the share(s) fails to disclose the identity of any person who may have an interest in those shares. No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights.

Exercise of rights of shares in employee share schemes

As detailed in Note 23 to the Financial Statements at 2 January 2021, 692,698 ordinary shares were held in employee benefit trusts for the purpose of the Company's employee share schemes.

The Group's employee benefit trusts have waived dividends due to them in respect of unallocated shares save a nominal amount.

The Trustees of the Group's employee trusts do not seek to exercise voting rights on shares held in the employee trusts other than on the direction of the underlying beneficiaries. No voting rights are exercised in relation to shares unallocated to individual beneficiaries.

Rights under the Shareholders' Rights (Directive 2007/36/EC) Regulations 2009

Shareholder(s) have the right to ask questions related to items on the agenda of a general meeting and to receive answers, subject to certain qualifications. Shareholder(s) holding 3% of the issued share capital of the Company, representing at least 3% of its total voting rights, have the right to put items on the agenda and to table draft resolutions at AGMs. The request must be received by the Company at least 42 days before the relevant meeting. Further details of shareholders' rights under the Shareholders' Rights (Directive 2007/36/EC) Regulations 2009 will be contained in the Notice of the 2021 AGM.

Restrictions on voting deadlines

The notice of any general meeting shall specify the deadline for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be proposed at the general meeting. The number of proxy votes for, against or withheld in respect of each resolution is published on the Group's website after the meeting.

Constitution of the Company

The Company's constitution details the rights attaching to the shares; the method by which the Company may purchase or reissue its shares, the provisions which apply to the holding of shares and voting at general meetings and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers. A copy of the Company's constitution can be obtained from the Group's website: www.glanbia.com.

Unless expressly specified to the contrary in the constitution of the Company, the Company's constitution may be amended by special resolution of the Company's shareholders.

Change of control provisions

The Group has certain debt facilities which may require repayment in the event that a change in control occurs with respect to the Group.

There are also a number of agreements that take effect, alter or terminate upon a change of control of the Group, which include the Group's Glanbia Cheese joint ventures with Leprino Foods Company and the shareholders agreement with the Society in respect of Glanbia Ireland Designated Activity Company. If a third party were to acquire control of the Group, Leprino Foods Company could elect to terminate its joint ventures with the Group and, if this were to occur, the Group could then be required to sell its shareholding in the joint ventures to Leprino Foods Company at a price equal to its fair value. In the same circumstances, the Society could within one year exercise the call option described on page 122.

In addition, the Company's employee share plans contain change of control provisions which can allow for the acceleration of the exercisability of share options and the vesting of share awards in the event of a change of control.

The Board is satisfied that no change of control has occurred in respect of these agreements.

Substantial interests

The Company has been advised of the following notifiable interests in its ordinary share capital:

Shareholder	No. of ordinary shares as at 2 Jan 2021	% of issued share capital as at 2 Jan 2021	No. of ordinary shares as at 23 Feb 2021	% of issued share capital as at 23 Feb 2021
Glanbia Co-operative Society Limited	93,276,241	31.7%	93,276,241	31.9%
Mawer Investment Management Limited	14,852,659	5.0%	15,956,460	5.5%
Black Creek Investment Management Inc.*	11,874,803	4.0%	11,874,803	4.1%

* Black Creek Investment Management Inc. ('Black Creek') is an investment management company. The shares are beneficially owned by 21 separate funds and clients which Black Creek advises regarding their investment portfolios. Shares held directly are by funds for which Black Creek also acts as investment fund manager. None of the funds or clients by itself reaches or exceeds the 3% threshold. The funds and clients give a proxy to Black Creek who can exercise the voting rights for the shares in its own discretion.

Contracts of significance for the purpose of LR 6.8.1, Euronext Dublin Listing Rules/LR 9.8.4 R, UKLA Listing Rules

The Company has entered into an amended and restated Relationship Agreement with the Society, as also described in the Circular sent to shareholders on 28 April 2017 and the key provisions of which are contained on page 81 of the 2019 Annual Report. The Society and the Company plan to formally amend the Relationship Agreement to reflect the changes agreed on 23 February 2021 which are set out in the Nomination and Governance Committee Report on page 92.

The Company has also entered into a shareholders agreement dated 2 July 2017 with the Society in respect of Glanbia Ireland Designated Activity Company (GI). The key terms of the shareholders agreement are as set out below.

The board of directors of GI

The board of directors of GI will comprise of 14 directors appointed by the Society, six directors appointed by Glanbia plc (the 'PLC Appointees') and up to three executive directors. The PLC Appointees are appointed from the Executive Directors of Glanbia plc, the Independent of the Society Non-Executive Directors of Glanbia plc and such other persons as may be approved by the Nomination and Governance Committee of the Board of Glanbia plc. Each of the PLC Appointees has 1.5 votes at any meeting of the board of directors of GI. All of the other directors of GI have one vote each. The chairman of the board of GI shall not be entitled to a casting vote. The chairman of GI shall be appointed by the Society so long as it holds more than 50% of the entire issued share capital of GI.

Other Statutory Information continued

Consent of Glanbia plc and the Society

The prior written consent of Glanbia plc and the Society will be required for certain matters relating to GI, including:

- Changes to the business being carried on by GI;
- Agreeing the annual budget and the three-year rolling business plan;
- Value-added Projects (as defined below);
- Approval and changes to the related dividend policy;
- Altering the distribution policy or any material decision which is likely to result in GI failing to meet its minimum profitability level specified in the business plan;
- Incurring any capital expenditure in excess of that provided for in the budget;
- Acquisitions and disposals with a consideration in excess of €4 million;
- Entering into any contract or transaction except in the ordinary course of the business of GI and on an arm's length basis with a value in excess of €2 million; and
- Incurring any new debt facilities in excess of €4 million which are not included in the business plan or which does not arise in the ordinary course of trading.

Future capital contributions to GI

Future capital contributions will be considered by the shareholders of GI on a case by case basis (without any binding commitment).

Profit and distribution policies of GI

Profit retention

A minimum profit policy that sets an expectation for the profitability of GI by reference to a minimum profit after tax equivalent to not less than 3.2% of net revenue of the business of GI (the 'Minimum Net Profit'). Net revenue for this purpose will be adjusted for revenue arising from Value-Added Projects (as defined below) in respect of which there is to be a separate profit retention policy (see below).

In any year where the Minimum Net Profit will be exceeded, the first €5 million of incremental net profit in excess of the Minimum Net Profit will be set aside as a Volatility Fund in the business to support milk suppliers, grain suppliers, suppliers of other farm outputs and customers purchasing agricultural inputs, to be paid out at the discretion of the GI board (the terms of distribution of each Volatility Fund and the time limit on payout will be determined by the board of GI before the close of the audit of the financial statements for GI for the year in which the Volatility Fund was created).

Value-Added Projects – target profit policy

A separate target profit policy will apply to Value Added Projects. Projects undertaken as Value Added Projects shall be subject to a target profit after tax which shall be agreed by the board of GI on a project-by-project basis for each financial year based upon the investment business case of each such Value Added Project. For such projects, 30% of the profit after tax for each Value Added Project shall be retained by GI and 70% shall be distributed to GI's shareholders pro rata.

Dividend policy of GI

Subject to compliance with its applicable banking covenants and the availability of sufficient distributable reserves, GI will operate an annual dividend payout comprised of the aggregate of 70% of the profit after tax attributable to Value Added Projects as described above, and 50% of profit after tax attributable to the remaining business activities.

Call option

Under the shareholders agreement dated 2 July 2017, the Society will continue to have a call option (the 'Call Option') to acquire Glanbia plc's 40% interest in GI. The Call Option will be exercisable for a one year period commencing on completion of a change of control event in relation to Glanbia plc. A reduction of the Society's representation on the Glanbia plc Board or its shareholding in Glanbia plc below 30% shall not constitute a change of control for the purposes of the Call Option (unless there is an associated acquisition by an unaffiliated third party of a controlling interest in Glanbia plc). The price payable by the Society on completion of the Call Option shall be an amount equal to 40% of the fair value of GI as between a willing buyer and willing seller (and no discount in respect of Glanbia plc being a minority shareholder in GI will apply). The fair value of GI shall be agreed by Glanbia plc and the Society or, in the absence of agreement, the fair value shall be the midpoint between the valuations as determined for the fair value by two suitably qualified independent valuers.

If following the exercise of the Call Option by the Society, GI and/or its subsidiary Glanbia Foods Ireland Limited continues to be a participating employer in the Glanbia defined benefit pension schemes and Glanbia plc continues to be the principal employer, the Society will guarantee to Glanbia plc the due performance of the obligations of these companies under the schemes for so long as each individual company remains as a participating employer.

Effect of termination of the GI joint venture
If Glanbia plc ceases to have any shareholding in GI:
- GI and, if applicable, each of its subsidiaries will change its name to a new name which does not include the name 'Glanbia' and Glanbia will pay to GI 50% of the vouched reasonable costs of such rebranding up to a maximum liability for Glanbia plc of €1,500,000 (i.e. 50% of €3 million); and
- the Society will propose (and recommend to its members for approval) a resolution at the next AGM of the Society following the date on which Glanbia plc ceases to have any shareholding in GI to change its corporate name to a name which does not include the name 'Glanbia'. The Society will not be required to convene a general meeting of members solely to consider a proposed change of name. The Society will not use the 'Glanbia' name for any trading or business purpose.

Information required to be disclosed by LR 6.1.77, Euronext Dublin Listing Rules/LR 9.8.4 R, UKLA Listing Rules
For the purposes of LR 6.1.77/LR 9.8.4 R, the information required to be disclosed by LR 6.1.77/LR 9.8.4 R can be found in the following locations:

Section	Topic	Location
(1)	Interest capitalised and related tax relief	Financial Statements, Note 11
(2)	Publication of unaudited financial information	Not applicable
(3)	Small related party transactions	Not applicable
(4)	Details of long-term incentive schemes	Remuneration Committee Report
(5)	Waiver of emoluments by a director	Not applicable
(6)	Waiver of future emoluments by a director	Not applicable
(7)	Non pre-emptive issues of equity for cash	Not applicable
(8)	Item (7) in relation to major subsidiary undertakings	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)	Contracts of significance	Other Statutory Information
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Other Statutory Information
(13)	Shareholder waivers of future dividends	Other Statutory Information
(14)	Agreement with controlling shareholders and independence provisions/undertakings	Pages 79 and 92

All the information cross-referenced above is hereby incorporated by reference into this Directors' Report.

Subsidiary and associated undertakings/branches outside the State
A list of the principal subsidiary and associated undertakings and their activities including details of any branches of the Group outside the State is included in Note 37 to the Financial Statements

Directors Responsibility Statement

The Directors are responsible for preparing the Annual Report and the Group and Company Financial Statements in accordance with applicable law and regulations. Irish company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and elected to prepare the Company Financial Statements in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014. Under Irish law the Directors shall not approve the Group and Company Financial Statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position, of the Group and Company respectively, as at the end of the financial year and of the profit or loss of the Group for the financial year and otherwise comply with the Companies Act 2014.

In preparing these Group and Company Financial Statements the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the Financial Statements comply with IFRS as adopted by the European Union and ensure the Financial Statements contain the information required by the Companies Act 2014 and as regards the Company Financial Statements as applied in accordance with the provision of the Companies Act 2014; and
- prepare the Financial Statements on a going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are also required by the Transparency Directive (Directive 2004/109/EC) Regulations 2007, the Central Bank (Investment Market Conduct) Rules 2019, the Companies Act 2014 and the Listing Rules issued by Euronext Dublin to prepare a Directors' Report and reports relating to Directors' remuneration and corporate governance and the Directors are required to include a management report containing, amongst other things, a fair review of the development and performance of the Group's business and of its position and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records that are sufficient to:
- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy;
- enable the Directors to ensure that the Group and Company Financial Statements and the Directors' Report comply with the Companies Act 2014, and as regards the Group Financial Statements Article 4 of the IAS Regulation; and
- enable the Group and Company Financial Statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of certain corporate and financial information included on the Group's website (www.glanbia.com). Legislation in Ireland concerning the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on pages 65 to 68 ('Current Directors') confirms that he/she considers that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the position, performance, business model and strategy of the Company and the undertakings included in the consolidation taken as whole. Each of the Current Directors also confirms that to the best of each person's knowledge and belief:
- The Group Financial Statements prepared in accordance with IFRS as adopted by the European Union and the Company Financial Statements prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provision of the Companies Act 2014 give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as whole, together with a description of the principal risks and uncertainties that they face.

The Directors' Report for the purpose of the Transparency Directive (Directive 2004/109/EC) Regulations 2007, the Central Bank (Investment Market Conduct) Rules 2019, the Companies Act 2014 and the Listing Rules issued by Euronext Dublin consists of pages 1 to 124.

Directors' Report

On behalf of the Board

Donard Gaynor **Siobhán Talbot** **Mark Garvey**
Directors

23 February, 2021

Financial Statements

Independent Auditor's Report to the Members of Glanbia plc

Report on the audit of the financial statements

Opinion on the financial statements of Glanbia plc (the 'Company')

In our opinion the Group and Company financial statements:
- give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 2 January 2021 and of the profit of the Group for the financial period then ended; and
- have been properly prepared in accordance with the relevant financial reporting frameworks and, in particular, with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements we have audited comprise:

The Group financial statements:
- the Group Income Statement;
- the Group Statement of Comprehensive Income;
- the Group Balance Sheet;
- the Group Statement of Changes in Equity;
- the Group Statement of Cash Flows; and
- the related notes 1 to 37, including a summary of significant accounting policies as set out in note 2.

The Company financial statements:
- the Company Balance Sheet;
- the Company Statement of Changes in Equity; and
- the related notes 1 to 11, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the Group financial statements is the Companies Act 2014, International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union and interpretations as approved by the International Accounting Standards Board (IASB) ("the relevant financial reporting framework").

The relevant financial reporting framework that has been applied in the preparation of the Company financial statements is the Companies Act 2014 and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the *"Auditor's responsibilities for the audit of the financial statements"* section of our report.

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Members of Glanbia plc continued

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year, and consistent with those reported on in the prior year, were: • Exceptional items • Provisions for uncertain tax positions; • Impairment of goodwill and other intangible assets; and • Revenue recognition
Materiality	The materiality that we used for the Group in the current year was €9m which was determined on the basis of profit before tax and exceptional items. The materiality that we used for the Company was €3.6m which was determined based on net assets.
Scoping	We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide internal financial controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in 45 components, 12 of these were subject to a full audit, whilst the remaining 33 were subject to audits of specified balances where the extent of our testing was based on our assessment of the associated risks of material misstatement, and of the materiality of the component's operations to the Group. Analytical review procedures were performed by the Group audit team on all other components within the Group.
Significant changes in our approach	**Impact of COVID-19 on our audit approach** As the COVID-19 pandemic continues to spread globally it has had an impact on all elements of local and international economies. We have considered the impact of COVID-19 on the Group's business as part of our audit risk assessment and planning. This assessment resulted in an increased audit scope on key audit areas including the consideration of changes in manual and automated internal controls as a result of remote working by Glanbia personnel and increased focus on the Group's key judgement and estimates in relation to future strategic plans and profitability forecasts which are key inputs into the group's asset impairment model and going concern assessment, most notably in the Performance Nutrition division which has experienced the greatest impact of the pandemic on revenue and profitability in 2020.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting is set out below:

- We evaluated the design and implementation of the relevant controls in place for the directors' review of the budgets and forecasts for at least a period of 12 months from the date of signing of the Annual Report, including reviewing their challenge of these;
- We evaluated the Group's and Company's financing arrangements, including the agreements in respect of the undrawn committed bank facilities in place within the Group;
- We challenged the directors' assumptions and the basis for their evaluation and the inclusion of sensitivities incorporated in the budget and also the impact of Covid-19 on future trading;
- We evaluated the completeness and accuracy of the disclosures made in the Basis of Preparation note on page 141 by reference to the understanding we have obtained of the Group's and Company's financial performance during 2020, our assessment of the directors' projections and our reading of the Group's and Company's financing agreements. We also evaluated the directors' assessment of the impact of Covid-19 and the adequacy of disclosures in relation to the specific risks posed by the pandemic. We considered throughout the audit any contradictory information to the directors' confirmation that the Group and Company is a going concern, including evaluating whether the assumptions are realistic, achievable and consistent with the external and internal environment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code and the Irish Corporate Governance Annex, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to continue to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the audit team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Exceptional items

Key audit matter description	As described in note 2 (summary of significant accounting polices) and note 6 (exceptional items) the Group, in accordance with its stated accounting policy, classified a number of significant items of income and expense totalling €34.5m as exceptional items. These exceptional items relate to organisational redesign costs, Covid-19 related costs, acquisition integration costs, a legal settlement gain and asset impairments. Earnings before interest, tax and amortisation (EBITA) is disclosed throughout the Annual Report on a pre-exceptional basis and is one of the Group's key performance indicators. The classification of items as exceptional affects adjusted earnings per share and is inherently judgemental. As a result there is a risk that items are not consistently classified as exceptional items in line with the Group's accounting policy, or are not adequately disclosed. Refer also to page 88 (Audit Committee Report), and page 152 (Exceptional Items accounting policy).
How the scope of our audit responded to the key audit matter	We documented our understanding of the process the Directors undertook to identify and present exceptional items within the Annual Report. We challenged the nature and classification of transactions as exceptional items in accordance with the Group's accounting policy, whilst also challenging whether the accounting policy for exceptional items is appropriate and has been applied consistently with previous periods. We reviewed the presentation and disclosures in the Group's financial statements against requirements under the relevant financial reporting framework.
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to exceptional items.

Independent Auditor's Report to the Members of Glanbia plc continued

Provisions for uncertain tax positions

Key audit matter description	The Group operates across numerous multinational jurisdictions, the most significant of which are Ireland and the US, and are subject to periodic challenge by local tax authorities on a range of tax matters during the normal course of business including transfer pricing, Group financing arrangements and transactions related tax matters. The directors apply significant judgement in assessing current and deferred tax risks and exposures in relation to the interpretation of local and international tax laws, rates and treaties relating to worldwide provisions for uncertain tax positions. As a result there is a significant risk that tax authorities could have different interpretations to those of the directors resulting in potential misstatement of tax provisions. Refer also to page 88 (Audit Committee Report), Page 150 (Income taxes accounting policy), note 3 (Critical accounting estimates and judgements) and notes 12 and 26 to the financial statements.
How the scope of our audit responded to the key audit matter	To obtain evidence over the appropriateness of the directors' assumptions in determining provisions for uncertain tax positions, we obtained an understanding of the Group's tax strategy, tax operating models, the impact of new jurisdictions arising from recent acquisitions and amendments to the Group's tax structures during the financial period arising from global changes in tax legislation. We evaluated the design and determined the implementation of the relevant controls in respect of the tax computation process and tax risk management process. We also reviewed the directors' assessment of related tax risks and exposures across the Group. We engaged our Irish and International tax specialists as part of our audit team, including US and other jurisdictional tax specialists, to analyse and challenge the appropriateness of the assumptions made by the directors in determining adjustments to current and deferred tax provisions. We challenged and evaluated directors' assumptions and estimates, including external advice obtained, in respect of tax risks and related provisions. We focused particularly on the directors' judgements made in relation to transfer pricing models, interpretations of relevant tax laws, new and amended Group financing arrangements and the directors' assessment of likely outcomes for uncertain tax positions in key jurisdictions where the Group has significant trading operations. We inspected relevant correspondence between the Group and relevant tax authorities. We evaluated the completeness and accuracy of current and deferred tax disclosures for compliance with the relevant financial reporting framework.
Key observations	As the international corporation tax environment has undergone unprecedented change over recent years, and is likely to continue to evolve over the coming years, judgements around tax structures and related uncertain tax positions continue to be a focus area for the Group. We have discussed the evolving tax environment with management, and the impact on uncertain tax positions, and following the completion of our procedures outlined above, have no observations that impact on our audit.

Impairment of goodwill and other intangible assets

Key audit matter description	The Group's goodwill and other intangible assets of €1,243m, which are held across 8 (2019: 15) individual Cash Generating Units (CGUs), represent approximately 40% of the Group's total assets at year end. The Glanbia Performance Nutrition ("GPN") business accounts for 82% of total goodwill and other intangible assets of the Group. As a result of the Group's fundamental re-organisation of the GPN business, which commenced in 2019, the Group formed a number of distinct CGUs in GPN during the year, namely, North America Performance Nutrition, North America Lifestyle, International and Direct-to-Consumer. With the exception of North America Lifestyle, each of the above distinct lines of business now represent a stand-alone CGU within GPN. In Glanbia Nutritionals ("GN"), a number of changes underpinned the interdependency of the cash inflows of the previously separately identifiable CGUs (other than US Cheese) into a single CGU. As a result of these changes the number of significant CGUs in the Group has decreased from 15 to 8. The directors completed their impairment reviews on the 8 CGUs during the year. In carrying out this review, judgement is required by the directors in identifying indicators of impairment and estimation is required in determining the recoverable amount of the Group's CGUs. There is a significant risk that the net present value of future cashflows within the CGUs will not be sufficient to recover the Group's carrying value of each CGU including goodwill and intangible assets, leading to an impairment charge that has not been recognised in the financial statements. This risk was pinpointed to 7 CGUs with a particular focus on the think! CGU, where the directors noted in their sensitivity analysis that a reasonably possible change in a key assumption used in their impairment assessment could result in an impairment charge. The recoverable amount used in the impairment assessment is determined based on value in use calculations which rely on directors' assumptions and estimates of future trading performance. The key assumptions utilised by the directors in the impairment reviews are discount rates and long term growth rates. Refer also to page 88 (Audit Committee Report), page 145 (Intangible assets accounting policy), note 3 (Critical accounting estimates and judgements) and note 16 to the financial statements.
How the scope of our audit responded to the key audit matter	We, in conjunction with our valuation specialists, evaluated the Group's impairment review methodology applied by the directors in preparing the value in use calculations. We also evaluated the judgements applied in determining the CGUs, particularly in relation to the transformation project across the Group that resulted in a significant change to the composition of the CGUs within the Group. In addition, we evaluated the design and determined the implementation of relevant controls in respect of the impairment review process and the budgeting process upon which the Group's discounted cash flow model is based. We performed a retrospective review of assumptions used in prior year value in use calculations and compared these to actual outturn. We understood and challenged the underlying key assumptions within the Group's impairment model by developing an independent view of the Group discount rate and long term growth rates where, in conjunction with our valuation specialists, we benchmarked the rates used by the directors against market data and comparable organisations. We obtained and challenged cash flow projections by comparing them to historic growth rates and the Group's strategic plans, including those effected by the Covid-19 pandemic. We challenged the Group's forecasts with reference to recent performance, economic and industry forecasts and trend analysis including comparing recent historic performance to budgets for CGUs where revenue growth has significantly fallen behind plans or where sensitivity analysis in respect of key assumptions in the Group's impairment model indicates a potential impairment. Where we noted any significant reduction in headroom for a CGU since the prior year, we gained an understanding of the reasons giving rise to the reduction and performed additional procedures to substantiate these reasons. We held discussions with the business unit controllers to understand the changes being implemented at the site level to achieve the targets set in the strategic plans. We evaluated the directors' sensitivity analysis and performed our own sensitivity analysis on the key assumptions used. We evaluated the completeness and accuracy of the disclosures in relation to goodwill and other intangible assets for compliance with the relevant financial reporting framework.
Key observations	We noted that Covid-19 has had a significant impact on the results of the Group in 2020, most notably in the GPN division, and will continue to have an impact in 2021, and that a number of actions are required by the Group to achieve the forecasts outlined in the Group's strategic plans over the short and medium term. However we concluded that the assumptions in the impairment models, specifically in the value in use calculations, are within an acceptable range.

Independent Auditor's Report to the Members of Glanbia plc continued

Revenue recognition

Key audit matter description	The Group sells products to customers under a variety of contractual terms. When assessing the potential risk of fraud in relation to revenue recognition, we considered the nature of the automated and manual transactions recorded across the Group. All revenue across the Group is recorded automatically at point of dispatch. Management record manual adjustments to revenue to ensure revenue is accounted for in line with the underlying contractual terms with customers. We have therefore pinpointed the significant risk across the Group to manual adjustments to revenue including all sales for which the performance obligation had not been met at the year-end date. Furthermore, within the GPN division, revenue is recognised net of discounts, rebates and other promotional arrangements where they apply to sales contracts. Significant judgement is required to determine the level of accruals required to settle these arrangements with customers post year-end, which impacts the amount of revenue recognised in the period. There is a significant risk that year end accruals relating to selling arrangements, and therefore revenue could be misstated either intentionally to achieve performance targets, or as a result of error. Refer also to page 88 (Audit Committee Report), and page 151 (Revenue recognition accounting policy).
How the scope of our audit responded to the key audit matter	We obtained an understanding of the various revenue contracts and arrangements in place with customers across all divisions of the Group, and of the internal controls and IT systems in place over the revenue processes to determine if revenue was appropriately recognised to reflect the terms of contracts with customers and to ensure that the appropriate cut-off procedures are applied and revenue at year end is not misstated. We evaluated the design and determined the implementation of relevant controls in respect of revenue recognition. Where possible, operating effectiveness testing was performed and controls were relied upon. We recalculated year end accruals based on underlying contracts with customers and assessed whether there was any evidence of management bias in key judgements made by management. We also performed year end cut-off procedures and reviewed goods in transit at the year-end date to ensure transactions were recorded in the correct period. As revenue is recognised automatically on despatch within the Group's accounting systems we selected a sample of manual journal entries posted to revenue to ensure amounts were recorded in line with underlying contracts for a selection of invoices and customers. We also tested higher risk transactions including agency arrangements by assessing if these transactions were appropriately accounted for in accordance with the relevant accounting standards. In addition, we selected a sample of post year end credit notes and rebate payments to identify any invalid sales transactions recorded in the period.
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to revenue recognition.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

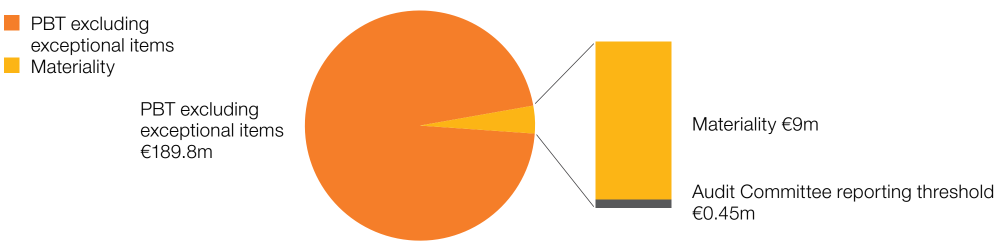
Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group audit to be €9m which is approximately 5% of profit before tax (PBT) excluding exceptional items. We have considered PBT excluding exceptional items to be the critical component for determining materiality because it is the most important measure for the users of the Group's financial statements and the impact of exceptionals is excluded to avoid distortion of the critical component on an annual basis.

We determined materiality for the Company audit to be €3.6m which is between 0.5% and 1% of net assets. As a non-trading company, it does not generate significant revenues but instead incurs costs, thus net assets are of most relevance to the users of the Company financial statements.

We have considered quantitative and qualitative factors such as our understanding of the Group and its environment, history of misstatements, complexity of the Group and reliability of control environment.



We agreed with the Audit Committee that we would report to them any audit differences in excess of €0.45m, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

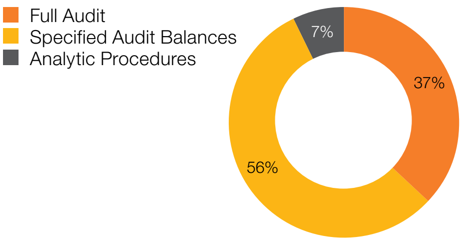
We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide internal financial controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in 45 components. 12 of these were subject to a full audit, whilst the remaining 33 were subject to specified audit procedures where the extent of our testing was based on our assessment of the associated risks of material misstatement, and of the materiality of the components operations to the Group. Analytical review procedures were performed by the Group audit team on all other components within the Group.

These components were selected based on the level of coverage achieved on revenue and net assets, the qualitative and risk considerations of these components and to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified. Our audit work for all components was executed at levels of materiality applicable to each individual unit which were lower than Group materiality and ranged from €1.8m to €5.8m.

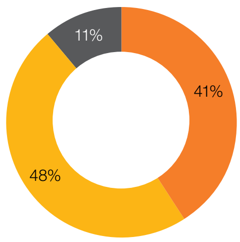
We have considered the impact of COVID-19 on the Group's business as part of our audit risk assessment and planning. This assessment resulted in an increased audit scope on key audit areas including the consideration of changes in manual and automated internal controls as a result of remote working by Glanbia personnel and increased focus on the Group's key judgement and estimates in relation to future strategic plans and profitability forecasts which are key inputs into the group's asset impairment model and going concern assessment, most notably in the GPN division which has experienced the greatest impact of the pandemic on revenue and profitability in 2020.

At the Group level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full audit or specified audit procedures.

External Revenue % Tested



Net Assets % Tested



The Group audit team attended the planning meetings of a number of significant components, including Ireland and the USA, during the year and participated in audit meetings with other significant components and a number of non-significant components.

In addition to our planning meetings, we sent detailed instructions to our component audit teams, included them in our team briefings, discussed their risk assessment, attended client planning and closing meetings, and, for certain significant risks and judgemental areas, reviewed their audit working papers.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Members of Glanbia plc continued

In preparing the financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the Group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the consolidated financial statements. The Group auditor is responsible for the direction, supervision and performance of the Group audit. The Group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The Company balance sheet is in agreement with the accounting records.
- In our opinion the information given in those parts of the directors' report as specified for our review is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement required by Companies Act 2014

We report, in relation to information given in the Corporate Governance Statement on pages 62 to 83 that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) and (d) of section 1373 of the Companies Act 2014 is consistent with the Company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014. Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

- In our opinion, based on the work undertaken during the course of the audit, the Corporate Governance Statement contains the information required by Regulation 6(2) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended); and
- In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

Corporate Governance Statement

The Listing Rules and ISAs (Ireland) require us to review the directors' statement in relation to going concern, longer-term viability and the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code and Irish Corporate Governance Annex specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 56 and page 209;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 57;
- the directors' statement on fair, balanced and understandable set out on page 82;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and an explanation of how they are being managed or mitigated set out on pages 55 to 57;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 54 to 57; and
- the section describing the work of the audit committee set out on pages 84 to 89.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in those parts of the directors' report as specified for our review.

The Companies Act 2014 requires us to report to you if, in our opinion, the Company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) for the financial period ended 2 January 2021. We have nothing to report in this regard.

The Companies Act 2014 also requires us to report to you if, in our opinion, the Company has not provided the information required by Section 1110N in relation to its remuneration report. We have nothing to report in this regard.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

The Listing Rules of the Euronext Dublin require us to review six specified elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee. We have nothing to report in this regard.

Other matters, which we are required to address

We were appointed by Glanbia plc on 27 April 2016 to audit the financial statements for the financial period ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the financial periods ending 31 December 2016, 30 December 2017, 29 December 2018, 4 January 2020 and 2 January 2021.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the Company in conducting the audit.

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISA (Ireland) 260.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Sheehan
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

23 February 2021

Group Income Statement
for the financial year ended 2 January 2021

	Notes	2020 Pre-exceptional €'m	2020 Exceptional €'m (note 6)	2020 Total €'m	2019 Pre-exceptional €'m	2019 Exceptional €'m (note 6)	2019 Total €'m
Revenue	5	**3,823.1**	**–**	**3,823.1**	3,875.7	–	3,875.7
Earnings before interest, tax and amortisation (EBITA)	5	**209.6**	**(34.5)**	**175.1**	276.8	(37.1)	239.7
Intangible asset amortisation and impairment	16	**(60.9)**	**–**	**(60.9)**	(60.9)	(2.0)	(62.9)
Operating profit	5	**148.7**	**(34.5)**	**114.2**	215.9	(39.1)	176.8
Finance income	11	**4.1**	**–**	**4.1**	6.2	–	6.2
Finance costs	11	**(24.6)**	**–**	**(24.6)**	(32.5)	–	(32.5)
Share of results of equity accounted investees	17	**61.6**	**(1.2)**	**60.4**	48.6	–	48.6
Profit before taxation		**189.8**	**(35.7)**	**154.1**	238.2	(39.1)	199.1
Income taxes	12	**(14.5)**	**4.2**	**(10.3)**	(23.4)	4.5	(18.9)
Profit attributable to the equity holders of the Company		**175.3**	**(31.5)**	**143.8**	214.8	(34.6)	180.2
Earnings Per Share attributable to the equity holders of the Company							
Basic Earnings Per Share (cent)	13			**48.72**			61.04
Diluted Earnings Per Share (cent)	13			**48.59**			60.92

Group Statement of Comprehensive Income
for the financial year ended 2 January 2021

	Notes	2020 €'m	2019 €'m
Profit for the year		**143.8**	180.2
Other comprehensive income			
Items that will not be reclassified subsequently to the Group income statement:			
Remeasurements on defined benefit plans, net of deferred tax		**8.3**	(14.1)
Share of other comprehensive income of equity accounted investees, net of deferred tax	17	**7.0**	(8.3)
Revaluation of equity investments at FVOCI*, net of deferred tax	23	**–**	(0.1)
Items that may be reclassified subsequently to the Group income statement:			
Currency translation differences	23	**(146.9)**	46.7
Currency translation difference arising on net investment hedge	23	**8.1**	(2.4)
Loss on cash flow hedges, net of deferred tax	23(d)	**(0.9)**	(2.0)
Share of other comprehensive income of equity accounted investees, net of deferred tax	17	**(6.7)**	(10.0)
Other comprehensive income for the year, net of tax		**(131.1)**	9.8
Total comprehensive income for the year attributable to equity holders of the Company		**12.7**	190.0

* Fair value through other comprehensive income ('FVOCI')

Group Balance Sheet
as at 2 January 2021

	Notes	2 January 2021 €'m	4 January 2020 €'m
ASSETS			
Non-current assets			
Property, plant and equipment	15	**433.3**	474.1
Right-of-use assets	31	**90.5**	–
Intangible assets	16	**1,243.3**	1,344.6
Equity accounted investees	17	**395.9**	373.2
Other financial assets	18	**3.2**	3.4
Loans to equity accounted investees	35	**31.8**	28.8
Deferred tax assets	26	**2.4**	1.9
Retirement benefit assets	9	**2.6**	2.1
		2,203.0	2,228.1
Current assets			
Inventories	20	**377.6**	447.5
Trade and other receivables	19	**319.2**	432.3
Current tax assets		**–**	23.7
Derivative financial instruments	29	**1.3**	0.3
Cash and cash equivalents (excluding bank overdrafts)	21	**164.3**	269.0
		862.4	1,172.8
Total assets		**3,065.4**	3,400.9
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	22	**105.3**	105.4
Other reserves	23	**126.0**	269.1
Retained earnings	24	**1,380.5**	1,327.4
Total equity		**1,611.8**	1,701.9
LIABILITIES			
Non-current liabilities			
Borrowings	25	**458.4**	514.2
Lease liabilities	31	**94.4**	–
Other payables		**–**	12.5
Retirement benefit obligations	9	**31.9**	48.4
Deferred tax liabilities	26	**146.5**	168.6
Provisions	27	**3.3**	–
		734.5	743.7
Current liabilities			
Trade and other payables	28	**441.6**	512.5
Borrowings	25	**199.8**	369.1
Lease liabilities	31	**15.8**	–
Current tax liabilities		**50.3**	67.7
Derivative financial instruments	29	**3.7**	2.4
Provisions	27	**7.9**	3.6
		719.1	955.3
Total liabilities		**1,453.6**	1,699.0
Total equity and liabilities		**3,065.4**	3,400.9

On behalf of the Board

Donard Gaynor **Siobhán Talbot** **Mark Garvey**
Directors

23 February, 2021

Group Statement of Changes in Equity
for the financial year ended 2 January 2021

	Attributable to equity holders of the Company			
	Share capital and share premium €'m (note 22)	Other reserves €'m (note 23)	Retained earnings €'m (note 24)	Total €'m
Balance at 4 January 2020	**105.4**	**269.1**	**1,327.4**	**1,701.9**
Effect of adoption of IFRS 16	**–**	**–**	**(12.4)**	**(12.4)**
Balance at 5 January 2020	**105.4**	**269.1**	**1,315.0**	**1,689.5**
Profit for the year	**–**	**–**	**143.8**	**143.8**
Other comprehensive income	**–**	**(146.4)**	**15.3**	**(131.1)**
Total comprehensive income for the year	**–**	**(146.4)**	**159.1**	**12.7**
Transactions with equity holders of the Company				
Contributions and distributions				
Dividends	**–**	**–**	**(78.6)**	**(78.6)**
Purchase of own shares	**–**	**(17.6)**	**–**	**(17.6)**
Cancellation of own shares	**(0.1)**	**16.7**	**(16.6)**	**–**
Cost of share-based payments	**–**	**5.2**	**–**	**5.2**
Transfer on exercise, vesting or expiry of share-based payments	**–**	**(1.0)**	**1.0**	**–**
Deferred tax on share-based payments	**–**	**–**	**0.6**	**0.6**
Balance at 2 January 2021	**105.3**	**126.0**	**1,380.5**	**1,611.8**
Balance at 30 December 2018	105.4	240.9	1,242.8	1,589.1
Profit for the year	–	–	180.2	180.2
Other comprehensive income	–	32.2	(22.4)	9.8
Total comprehensive income for the year	–	32.2	157.8	190.0
Transactions with equity holders of the Company				
Contributions and distributions				
Dividends	–	–	(74.3)	(74.3)
Purchase of own shares	–	(7.6)	–	(7.6)
Cost of share-based payments	–	4.6	–	4.6
Transfer on exercise, vesting or expiry of share-based payments	–	(1.0)	1.0	–
Deferred tax on share-based payments	–	–	0.1	0.1
Balance at 4 January 2020	105.4	269.1	1,327.4	1,701.9

Group Statement of Cash Flows
for the financial year ended 2 January 2021

	Notes	2020 €'m	2019 €'m
Cash flows from operating activities			
Cash generated from operating activities	32	319.9	285.9
Interest received		4.6	3.7
Interest paid (including leases*)		(25.0)	(32.5)
Tax paid		(22.1)	(44.6)
Net cash inflow from operating activities		277.4	212.5
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash and cash equivalents acquired	34	(21.9)	(58.3)
Purchase of property, plant and equipment		(38.0)	(42.7)
Purchase of intangible assets	16	(26.2)	(33.6)
Interest paid in relation to property, plant and equipment	11	(0.5)	(0.7)
Proceeds from sale of property, plant and equipment		–	0.2
Dividends received from equity accounted investees	17/35	36.6	35.3
Loans advanced to equity accounted investees	35	(3.0)	–
Repayment of loans advanced to equity accounted investees	35	–	1.0
Investment in equity accounted investees		(6.6)	(48.4)
Proceeds from disposal/redemption of FVOCI financial assets	18	0.3	0.5
Payments for FVOCI financial assets	18	(0.1)	(0.4)
Net cash outflow from investing activities		(59.4)	(147.1)
Cash flows from financing activities			
Purchase of own shares	23	(17.6)	(7.6)
Drawdown of borrowings	25/33	1,057.2	606.2
Repayment of borrowings	25/33	(1,222.0)	(599.9)
Payment of lease liabilities*	33	(19.2)	–
Dividends paid to Company shareholders	14/24	(78.6)	(74.3)
Net cash outflow from financing activities		(280.2)	(75.6)
Net decrease in cash and cash equivalents		(62.2)	(10.2)
Cash and cash equivalents at the beginning of the year		164.7	175.7
Cash acquired on acquisition		–	(4.2)
Effects of exchange rate changes on cash and cash equivalents		(10.9)	3.4
Cash and cash equivalents at the end of the year	21	91.6	164.7

* Repayment of lease liabilities capitalised under IFRS 16 during the year ended 2 January 2021 amounted to €22.0 million, of which €2.8 million (2019: nil) related to interest expense (note 11) paid which is presented in cash flows from operating activities.

Notes to the Financial Statements
for the financial year ended 2 January 2021

1. General information
Glanbia plc (the 'Company') and its subsidiaries (together the 'Group') is a leading global nutrition group with geographical presence in regions that include North America, Europe, Asia Pacific and LATAM. See note 4.

The Company is a public limited company incorporated and domiciled in Ireland, the number under which it is registered is 129933. The address of its registered office is Glanbia House, Kilkenny, Ireland, R95 E866. Glanbia Co-operative Society Limited, (the 'Society'), together with its subsidiaries, holds 31.7% (2019: 31.5%) of the issued share capital of the Company. The Board of Directors as at 4 January 2020 was comprised of 16 members, of which up to eight, including the Chairman who had the casting vote, were nominated by the Society. In accordance with IFRS 10 'Consolidated Financial Statements', the Society controlled the Group and was the ultimate parent of the Group up to 30 June 2020. From 1 July 2020 in accordance with the Relationship Agreement between the Society and the Company, the number of directors that can be nominated by the Society reduced to seven in a board comprising of 15 members. Thereafter the Society no longer controlled the Group, and the Company became the ultimate parent company of the Group.

The Company's shares are quoted on Euronext Dublin and London Stock Exchange. The consolidated financial statements were approved and authorised for issue by the Board of Directors on 23 February 2021.

2. Summary of significant accounting policies
The Group adopted new and amended accounting standards, and International Financial Reporting Interpretations Committee ('IFRIC') interpretations during the year ended 2 January 2021 as detailed in the section 'Adoption of new and amended standards and interpretations' herein.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented by the Group and equity accounted investees unless otherwise stated.

Basis of preparation
The consolidated financial statements have been prepared in accordance with EU adopted International Financial Reporting Standards ('IFRS'), IFRIC interpretations and those parts of the Companies Act 2014, applicable to companies reporting under IFRS. IFRS as adopted by the European Union ('EU') comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'). The consolidated financial statements comply with Article 4 of the EU IAS Regulation. IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention as modified by use of fair values for certain other financial assets and derivative financial instruments.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates. See note 3.

Amounts are stated in euro millions (€'m) unless otherwise stated. These financial statements are prepared for the 52-week period ended 2 January 2021. Comparatives are for the 53-week period ended 4 January 2020. The balance sheets for 2020 and 2019 have been drawn up as at 2 January 2021 and 4 January 2020 respectively.

Going concern
Having given due regard to the considerations below, the Directors, after making appropriate enquiries, have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the consolidated financial statements. The Group therefore considers it appropriate to adopt the going concern basis in preparing its consolidated financial statements.

The 2021 budget and strategic plan for 2022 and 2023 represent the Board's best estimate of future cash flows. Having reviewed the budget and strategic plan, and applied the reverse stress test as described below, it is considered highly likely that the Group will continue to have significant financial headroom over the next 12 months from the date of approval of these financial statements.

At 2 January 2021, the Group had cash and cash equivalents of €164.3 million, undrawn revolving committed bank facilities of €647.8 million, undrawn bank facilities of €20.0 million renewable on an annual basis, and net debt of €493.9 million with a maturity profile as disclosed in note 25. The amount of cash, available undrawn facilities and the maturity dates of the borrowings provide confidence that the Group will be able to meet its obligations as they fall due within the next 12 months from the approval of these financial statements.

In the opinion of the Directors, the Group's financing covenants were fully met in 2020. The Group has reverse stress-tested its forecasts to determine the level of reduced earnings before interest, tax, depreciation and amortisation ('EBITDA') that would result in a breach of the financing covenants during the period in which the going concern basis is applied. The likelihood of this level of reduced EBITDA is considered remote based on the Group's past experience. Therefore, the Group is expected to have significant headroom against the financing covenants during the 12 months after the approval of the financial statements.

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

While the ongoing Covid-19 pandemic continues to evolve with no certainty of future trajectory or duration, the Group has been highly cash generative and profit making since the onset of the pandemic and is expected to remain in a strong financial position in the foreseeable future. The Group's strong financial position is evidenced by certain events during the year such as the completion of the Foodarom acquisition (note 34) during the third quarter of 2020, a share repurchase programme that commenced in 2020 (note 29(c)), an interim dividend, and a final dividend recommended by the Directors and subject to shareholder approval after year-end (note 14).

Impact of Covid-19

Critical accounting judgements and estimates

The Group has considered the impact of Covid-19 with respect to the significant judgements and estimates it makes in the application of its accounting policies. No new sources of significant judgements and estimates were identified that would have a material impact on the financial statements.

Judgement was applied in determining the amount of Covid-19 costs to be disclosed as exceptional items (notes 3 and 6). The estimates pertaining to retirement benefit obligations (notes 3 and 9) incorporated the effects of Covid-19 based on actuarial advice where applicable. The estimates relating to impairment reviews of goodwill and indefinite life intangibles (notes 3 and 16) are described in the section "Impairment of non-financial assets" below.

Impairment of non-financial assets

The Group continues to actively manage its working capital including inventory. Appropriate inventory levels are held to minimise the likelihood of future potential stock obsolescence. Accordingly, the amount of write down of inventory to net realisable value recognised directly arising from the pandemic is not material (note 20).

In accordance with our accounting policy, other non-financial assets (such as property, plant and equipment, right-of-use assets and definite life intangible assets) were reviewed for indicators of impairment at the end of the reporting period. Where indicators of impairment are present, they are tested for impairment. Where a non-financial asset does not generate largely independent cash inflows, it is assessed for impairment on a cash-generating unit ('CGU') level and included in the impairment testing of goodwill and indefinite life intangibles as described below. The amount of impairment recognised on other non-financial assets during the period is not material (note 5).

In the impairment testing of goodwill and indefinite life intangibles (notes 3 and 16), the Group considered the effects of the pandemic on the key assumptions for calculating value in use of the CGUs as follows:

Cash flows

The cash flow projections are generally based on three years of cash flows being, the 2021 budget formally approved by, and the strategic plan for 2022 and 2023 as presented to, the Board of Directors. The budget and the strategic plan incorporated the Directors' best estimate of the impact of Covid-19. Given the economic and political uncertainty resulting from Covid-19, it is difficult to ascertain the impact on the Group's prospective financial performance. The Group's budget and strategic plan reflect cash flows that management consider most likely over the three-year period.

Sensitivity analysis has been conducted in respect of each of the CGUs using the following sensitivity assumptions: 1% increase in the discount rate; 10% decrease in EBITDA growth; and nil terminal value growth (note 16). The Group believes that there may be increased uncertainties relating to 2021 and 2022 and a trading environment with reduced uncertainties in 2023, as global economic activities adjust to the effects of Covid-19. In view of the foregoing, as an additional analysis, the Group has increased the sensitivities over EBITDA growth in 2021 and 2022. If the Group experienced 20% decrease EBITDA growth in years 1 and 2, there would have been no change to the conclusion of the sensitivity analysis in note 16.

Discount rates and growth rates

The range of discount rates applied do not reflect risks which are already reflected in the cash flow projections. The growth rates used to extrapolate cash flows beyond the budget and strategic plan period do not exceed the long-term average growth rate for the industries in which each CGU operates.

Impairment of trade receivables and loans to equity accounted investees, and credit risk

Note 29(d) describes how the Group manages credit risk. The Group continues to actively manage its working capital including trade receivables. Outstanding customer balances are actively monitored and reviews for indicators of impairment are done on an ongoing basis. Furthermore, trade credit is extended to customers after careful consideration and thereafter continuously monitored. Where the extension of credit is considered inappropriate, payment in advance is required. Where appropriate, the Group utilise a receivables sale programme to partially offset increases in credit terms for certain trade receivables (note 29(d)). Regarding the loans to joint ventures, the Group continues to monitor the joint ventures' ability to repay them.

The Group has adjusted the historical loss rates that are used in the calculation of expected credit losses (ECL) on trade receivables and loans to equity accounted investees to reflect future economic conditions (including the effects of Covid-19) where appropriate. The adjustment took into account the Group's credit exposure to the debtors, their credit quality and associated loss rates based on external information from credit rating companies such as Standard and Poor's. There were no significant judgements or estimates made in the calculation that would have a material impact on the Group.

Hedge accounting

The Group's carrying amount of derivatives for which hedge accounting is applied is not material (note 29(a)). Notwithstanding the foregoing, the timing and volume of forecasted transactions hedged via cash flow hedges remains largely highly probable. Therefore no material hedge ineffectiveness has been recognised in the year ended 2 January 2021.

Liquidity and cash flow risk

Note 29(d) describes how the Group manages liquidity and cash flow risk. In 2020, the Group completed the financing of US$555 million* of debt facilities maturing between January 2024 and December 2031 to optimise the Group's liquidity and cash flows in light of the Covid-19 environment. These facilities were used to repay US$351 million of shorter maturing indebtedness in December 2020 and will additionally be used to repay US$156 million of indebtedness maturing June 2021. The Group has no other committed facilities due prior to January 2024. Accordingly, the repayment profile of the Group's borrowings as at 2 January 2021 is predominantly non-current (note 25) with liquidity and cash flow risk being minimised.

In the opinion of the Directors, the Group fully complied with the financing covenants attached to its borrowings during the year ended 2 January 2021 and is expected to continue to do so with adequate headroom against the covenants over the next 12 months from the approval of these financial statements. Refer to the going concern section for more details.

* This comprised US$175 million or €142.6 million of private placement debt facility which commenced in December 2020 (note 25), US$200 million of private placement debt facilities with a delayed drawdown until 15 March 2021, and US$180 million of bank facilities of which €55.9 million was drawn down and included within non-current bank borrowings (note 25) as at 2 January 2021.

Others

The Group did not avail of government support and assistance during the year ended 2 January 2021. The Covid-19 related rent concessions received by the Group during the year ended 2 January 2021 were not material. Accordingly, the Group did not early adopt the amendment to IFRS 16 'Covid-19-Related Rent Concessions'.

Impact of Brexit and climate change

Before the deal between the UK and the EU was agreed in December 2020, the principal risk to the Group was increased tariffs and uncertain trade agreements arising from a no-deal Brexit. The deal between the two parties allows for the continuation of tariff-free, quota-free access to each other's market for goods amongst other matters. Consequently, the impact of Brexit to the Group is not material.

The Group has considered the impact of climate change on the financial statements including impairment of non-financial and financial assets, the useful lives of assets, and provisions. Management has considered expected changing customer sentiments due to climate change in the Group's 2021 budget and strategic plans for 2022 and 2023 where applicable.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by it (its subsidiaries). Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Inter-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Equity accounted investees – joint ventures

The Group applies IFRS 11 'Joint Arrangements' to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Investments in joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost. The Group's share of joint ventures post acquisition profits or losses after tax are recognised in the 'Share of results of equity accounted investees' in the Group income statement. The Group's share of joint ventures post acquisition movement in reserves is recognised in the Group statement of other comprehensive income.

The cumulative post acquisition movements are adjusted against the carrying amount of the investment less any impairment in value. Where indicators of impairment arise, the carrying amount of the joint venture is tested for impairment by comparing its recoverable amount against its carrying value.

Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses are similarly eliminated to the extent that they do not provide evidence of impairment of a transferred asset.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses unless the Group has incurred obligations or made payments on behalf of the joint venture.

When the Group ceases to have joint control, any retained interest in the entity is re-measured to its fair value at the date when joint control is lost with the change in carrying amount recognised in the income statement. The Group also reclassifies any movements previously recognised in other comprehensive income to the income statement.

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is defined as the date the Group gained control of the entity. The cost of the acquisition is measured at the aggregate of the fair value of the consideration given.

Upon acquisition, the Group assesses the assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date except for deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 'Income Taxes' and IAS 19 'Employee Benefits' respectively. The fair value of the assets and liabilities are based on valuations using assumptions deemed by management to be appropriate. Professional valuers are engaged when it is deemed appropriate to do so.

Goodwill represents the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the net identifiable assets acquired. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the valuation of the fair value of assets acquired and liabilities assumed is still in progress. Those provisional amounts are adjusted during the measurement period of one year from the date control is achieved when additional information is obtained about facts and circumstances which would have affected the amounts recognised as of that date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in the income statement.

Acquisition related costs are expensed as incurred in the income statement.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries and joint ventures are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or net investment hedges.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Currency translation differences on monetary assets and liabilities are taken to the income statement, except when deferred in equity in the currency translation reserve as (i) qualifying cash flow hedges or (ii) exchange gains or losses on long-term intra-group loans and on net investment hedges.

Subsidiaries and joint ventures

The income statement and balance sheet of subsidiaries and joint ventures that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities at each reporting date are translated at the closing rate at the reporting date of the balance sheet;
- income and expenses in the income statement and statement of comprehensive income are translated at average exchange rates for the year when they are a reasonable approximation of the cumulative effect of the rates on transaction dates; and
- all resulting exchange differences are recognised in other comprehensive income.

Resulting exchange differences are taken to a separate currency reserve within equity. When a foreign entity is disposed of outside the Group, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

The principal exchange rates used for the translation of results and balance sheets into euro are as follows:

	Average		Year end	
1 euro =	**2020**	2019	**2020**	2019
US dollar	**1.1423**	1.1196	**1.2271**	1.1147
Pound sterling	**0.8898**	0.8772	**0.8990**	0.8512

Business combinations
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are denominated in the functional currency of the foreign entity, recorded at the exchange rate at the date of the transaction and subsequently retranslated at the applicable closing rates.

Property, plant and equipment
Cost
Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs, for example the costs of major renovation, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement.

Borrowing costs directly attributable to the construction of property, plant and equipment which take a substantial period of time to get ready for its intended use are capitalised as part of the cost of the assets.

Depreciation
Depreciation is calculated on the straight-line method to write off the cost (less residual value) of each asset over its estimated useful life at the following rates:

	%
Land	Nil
Buildings	2.5–5
Plant and equipment	4–33
Motor vehicles	20–25

Land is not depreciated. Residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

Impairment
Carrying amounts of items of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value over the remaining useful life.

Intangible assets
Goodwill
Goodwill is initially recognised at cost being the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary or joint venture at the date of acquisition. Goodwill on acquisition of subsidiaries is included within intangible assets. Goodwill associated with the acquisition of joint ventures is not recognised separately and included within the interest in joint ventures under the equity method of accounting.

Following initial recognition goodwill is carried at cost less accumulated impairment losses, if applicable. Goodwill impairments are not reversed. Goodwill is not amortised but is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. The annual goodwill impairment tests are undertaken at a consistent time in each annual period.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In accordance with IFRS 1 'First time Adoption of International Financial Reporting Standards', goodwill written off to reserves prior to date of transition to IFRS remains written off. In respect of goodwill capitalised and amortised at transition date, its carrying value at date of transition to IFRS remains unchanged.

Research and development costs
Research expenditure is recognised as an expense in the income statement as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility and costs can be measured reliably. Development costs are amortised using the straight-line method over their estimated useful lives. The useful life is typically three years.

Brands, customer relationships, recipes, know-how and other intangibles
Brands, customer relationships, recipes, know-how and other intangibles acquired as part of a business combination are stated at their fair value at the date control is achieved.

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

Indefinite life brands are carried at cost less accumulated impairment losses, if applicable. Indefinite life brands are not amortised on an annual basis but are tested annually for impairment. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. The classification of intangible assets as indefinite is assessed annually.

Definite life brands, customer relationships, recipes, know-how and other intangibles are amortised using the straight-line method over their useful life as follows:

	Years
Brands	3–40
Customer relationships	5–15
Recipes, know-how and other intangibles	2–15

The useful life used to amortise definite life brands, customer relationships, recipes, know-how and other intangibles relates to the future performance of the assets acquired and management's judgement of the period over which the economic benefit will be derived from the assets. The carrying values of definite life brands, customer relationships, recipes, know-how and other intangibles are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or circumstances indicate that the carrying values may not be recoverable.

Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. Costs incurred on the acquisition of computer software are capitalised, as are costs directly associated with developing computer software programmes for internal use, if they meet the recognition criteria of IAS 38 'Intangible Assets'.

Computer software costs recognised as assets are amortised using the straight-line method over their estimated useful lives, which is normally between five and 10 years.

Impairment of intangible assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purposes of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs). An impairment is recognised in the income statement for the amount by which the carrying value of the CGU exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is determined as the discounted future cash flows of the CGU.

Equity instruments

The Group classifies and measures its equity instruments at fair value. Changes in their fair value are recognised in the income statement unless management has elected to present fair value gains and losses in other comprehensive income ('OCI') on an investment by investment basis. When an election is made for an investment, there is no subsequent reclassification of fair value gains and losses related to the investment to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established.

Trade and other receivables, loans to equity accounted investees and financial assets at amortised cost

Trade and other receivables, loans to equity accounted investees and financial assets at amortised cost are classified and measured at amortised cost as they are held to collect contractual cash flows which comprise solely payments of principal and interest, where applicable. They are recognised initially at fair value plus transaction costs, except trade receivables that do not contain significant financing components which are recognised at transaction price. They are subsequently measured at amortised cost using the effective interest method less expected credit loss allowance. They are classified as non-current assets except for those maturing within 12 months of the reporting date.

The Group recognises an allowance for expected credit losses ('ECL') for financial assets not held at fair value through profit or loss. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition or where there has been a credit impaired event, a lifetime expected loss allowance is recognised, irrespective of the timing of the default.

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. A loss allowance for receivables is estimated based on expected credit losses. To measure ECL, historical loss rates are calculated based on historical credit loss experience. The loss allowance based on historical loss rates is adjusted where appropriate to reflect current information and forward-looking information on macroeconomic factors, including the trading environment of countries in which the Group sells its goods, which affect the ability of the debtors to settle the receivables.

The above financial assets are written off when there is no reasonable expectation of recovery such as a debtor failing to engage in a repayment plan with the Group.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and deposits held on call with banks. For the purposes of the Group statement of cash flows, cash and cash equivalents consists of cash and cash equivalents net of bank overdrafts as bank overdrafts are repayable on demand and they form an integral part of cash management.

Derecognition of financial assets
Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Trade and other payables
Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost which approximates to fair value given the short-term nature of these liabilities. These amounts represent liabilities for goods and services provided to the Group prior to, or at the end of the financial year which are unpaid.

The amounts are unsecured and are usually paid within 30–90 days of recognition depending on the terms negotiated with suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Borrowings
Borrowings are recognised initially at fair value and are subsequently stated at amortised cost. They are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Derivative financial instruments
Derivatives are initially recorded at fair value and subsequently remeasured at their fair value at the reporting date. Derivative contracts are recognised on the trade date, other than 'regular way' contracts for which settlement date accounting is applied.

The fair value of any foreign currency contracts or any commodities contract is estimated by discounting the difference between the contractual forward price and the current forward price, using the market interest rate at the measurement date, for a time period equal to the residual maturity of the contract. The fair value of any interest rate swap is estimated by discounting future cash flows under the swap, using the market interest rates, at the measurement date, for time periods equal to the residual maturity of the contracted cash flows.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised in the income statement. The Group adopts the hedge accounting model in IFRS 9.

The Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities or an unrecognised firm commitment (fair value hedge); or (ii) hedges of a cash flow risk associated with the cash flows of recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and half yearly, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 29. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the hedging reserve within equity. The changes in the time value of the options that relate to the hedged item are recognised within other OCI in the cost of hedging reserve within equity.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the amounts accumulated in equity are included within the initial cost of the asset. The recycled gain or loss relating to the effective portion of interest rate swaps hedging variable interest rates on borrowings is recognised in the income statement within 'finance costs'. The recycled gain or loss relating to the effective portion of foreign exchange contracts is recognised in the income statement. The recycled gain or loss relating to the time value and the effective portion of the intrinsic value of commodity option contracts are included within the initial cost of an asset.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in OCI and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to the income statement when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to the income statement.

Net investment hedge
Net investment hedges, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument (for instance foreign currency borrowings) relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

Financial guarantee contracts
- Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of: the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 'Revenue from Contracts with Customers'.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Inventories
Inventories are stated at the lower of cost and net realisable value.

Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition. Cost is determined by the first-in, first-out (FIFO) method or by weighted average cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal capacity). Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges which relate to purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Allowance is made, where necessary, for aged, slow moving, obsolete and defective inventories.

Provisions, contingent liabilities and contingent assets
Provisions are recognised on the balance sheet when the Group has a constructive or legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured using management's best estimate of the present value of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognised as an interest expense.

Provisions arising on business combinations are only recognised to the extent that they have qualified for recognition in the financial statements of the acquiree prior to acquisition.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the initial amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are generally depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate ('IBR') at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

For leases of plant and equipment, and motor vehicles for which the Group is a lessee, it has elected not to separate lease and non-lease components, and instead account for these as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Leases policy applicable before 5 January 2020 (operating leases)

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Employee benefits

Pension obligations

The Group operates various pension plans. The plans are funded through payments to trustee-administered funds. The Group has both defined contribution and defined benefit plans.

Defined contribution pension

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense in the income statement when they are due.

Defined benefit pension obligation

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The fair value of plan assets is based on market price information and in the case of quoted securities in active markets it is the published bid price.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to the income statement in subsequent periods.

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

A curtailment arises when the Group significantly reduces the number of employees or employee entitlements covered by a plan. A past service cost may be either a loss (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or a gain (when benefits are withdrawn or changed so that the present value of the defined benefit obligation decreases).

A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan (other than a payment of benefits to, or on behalf of, employees in accordance with the terms of the plan and included in the actuarial assumptions). The gain or loss on a settlement is the difference between:
(a) the present value of the defined benefit obligation being settled, as determined on the date of settlement; and
(b) the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement.

The deferred tax impact of pension plan obligations is disclosed separately within deferred tax assets.

Share-based payments

The Group operates a number of equity settled share-based compensation plans which include share option and share award schemes which are open to Executive Directors and certain senior managers.

The charge to the income statement in respect of share-based payments is based on the fair value of the equity instruments granted and is spread over the performance period.

Options under the 2002 Long-term incentive plan

The fair value of the instruments awarded were calculated using the binomial model. The proceeds received are credited to share capital (nominal value) and share premium when the options are exercised. The market vesting condition is Total Shareholder Return ('TSR') and the awards contain both market and non-market vesting conditions.

Awards under the Annual incentive deferred into shares scheme (AIDIS)

The fair value of shares awarded is determined in line with the Group's Annual Incentive Scheme rules and equates with the cash value of the portion of the annual incentive that will be settled by way of shares. The expense is recognised immediately in the income statement with a corresponding entry to equity.

Awards under the 2008 and 2018 Long-term incentive plan (2008 LTIP and 2018 LTIP)

The fair value of the awards is calculated using a Monte Carlo simulation technique. The awards contain both market and non-market vesting conditions. The market vesting condition is TSR and, accordingly, the fair value assigned to the related equity instruments is adjusted so as to reflect the anticipated likelihood at the grant date of achieving the market-based vesting condition. There are no revisions to the fair value at subsequent reporting dates for changes in TSR estimates.

Awards under the 2019 Restricted share plan (2019 RSP)

The fair value of the awards is calculated using the discounted cash flow method. The awards typically contain only non-market vesting and service conditions.

In respect of 2008 LTIP, 2018 LTIP and 2019 RSP, non-market vesting and service conditions are included in assumptions about the number of awards that are expected to vest. At each reporting date, the Group revises its estimates of the number of awards that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to equity. The non-market based charge to the income statement is reversed where awards do not vest because non-market performance conditions have not been met or where, subject to the rules of the scheme, an employee in receipt of share awards leaves service before the end of the vesting period.

When the awards are exercised, the Company reissues shares from own shares and the fair value of the awards exercised is reclassified from the share-based payment reserve to retained earnings.

Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is calculated on the basis of tax laws enacted or substantively enacted at the Group balance sheet date in countries where the Group operates and generates taxable income, taking into account adjustments relating to prior years.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of in-house tax experts, professional firms and previous experience of the Group. Further detail on estimates and judgements are set out in note 3.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax is provided on a non-discounted basis, using the balance sheet liability method, providing for temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of goodwill not having full tax basis.

The carrying amount of a deferred tax asset or liability may change for reasons other than a change in the temporary difference itself. Such changes might arise as a result of a change in tax rates or laws, a reassessment of the recoverability of a deferred tax asset or a change in the expected manner of recovery of an asset or the expected manner of a settlement of a liability. The impact of these changes is recognised in the income statement or in other comprehensive income depending on where the original deferred tax balance was recognised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share capital

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Own shares

Where the Employee Share Trust and/or the Employee Share Scheme Trust (on behalf of the Company) purchases the Company's equity share capital, under the 2008 and 2018 Long-term incentive plan, the 2019 Restricted share plan and the Annual incentive deferred into shares scheme, the consideration paid is deducted from distributable reserves and classified as own shares until they are re-issued. Where such shares are re-issued, they are re-issued on a first-in, first-out basis and the proceeds on re-issue of own shares are transferred from own shares to retained earnings.

Revenue recognition

The Group manufactures and sells performance nutrition and lifestyle nutrition products, cheese and dairy, and non-dairy nutritional and functional ingredients. In general, there is one performance obligation relating to the sale of products in a contract with a customer. Performance obligations are met at the point in time when control of the products has transferred to the customer, which is dependent on the contractual terms with each customer. In most cases, control transfers to the customer when the products are dispatched or delivered to the customer. Delivery occurs when the products have been delivered to the specific location. The Group is deemed to be a principal in an arrangement when it controls the promised goods before transferring them to a customer, and accordingly recognises revenue on a gross basis.

Rebates and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience using the most likely method. Judgement is exercised by management in the determination of quantum and likelihood of rebates and discounts based on experience and historical trading patterns. Rebates and discounts are recorded in the same period as the original revenue.

Generally, payment of the transaction price is due within credit terms that are consistent with industry practices, with no element of financing. Thus, the Group does not adjust any of the transaction prices for the time value of money as a practical expedient as the Group does not expect to have any contracts where the period between the transfer of the promised products to the customer and payment by the customer exceeds one year.

Segment reporting

As outlined in note 4, the Group reports across the following three reporting segments: Glanbia Performance Nutrition, Glanbia Nutritionals and Glanbia Ireland. The segments reflect the Group's organisation structure and the nature of the information reported to the Chief Operating Decision Maker ('CODM') who is identified as the Group Operating Executive.

In identifying the Group's operating segments, management considered the following principal factors:
- the Group's organisational structure, namely Glanbia Performance Nutrition, Glanbia Nutritionals and joint ventures
- how financial information is reported to the CODM
- existence of managers responsible for the components
- the nature of the component business activities; refer to note 4 for details
- the degree of similarity of products and services, and production processes

Finance income, finance costs and income taxes are not allocated to segments, as this type of activity is driven by central treasury and taxation functions which manage the cash and tax position of the Group. Unallocated assets and liabilities primarily include tax, cash and cash equivalents, other financial assets, financial liabilities and derivatives. Inter-segment revenue is determined on an arm's-length basis. Where a material dependency or concentration on an individual customer would warrant disclosure, this is disclosed in note 4.

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

Dividends

Dividends on ordinary shares to the Company's shareholders are recognised as a liability of the Company when approved by the Company's shareholders. Interim dividends are recognised when paid.

Proposed dividends that are approved after the balance sheet date are not recognised as a liability but are disclosed in the dividends note.

Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, net losses on hedging instruments that are recognised in the income statement, facility fees, the unwinding of discounts on provisions and the interest expense component of lease liabilities.

General and specific finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other finance costs are expensed in the income statement in the period in which they are incurred.

Finance income

Finance income is recognised in the income statement as it accrues using the effective interest rate method and includes net gains on hedging instruments that are recognised in the income statement.

Earnings Per Share

Earnings Per Share ('EPS') represents the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the period excluding own shares.

Adjusted EPS is calculated on the net profit attributable to the owners of the Company before exceptional items and intangible asset amortisation and impairment (excluding software amortisation), net of related tax, divided by the weighted average number of ordinary shares in issue during the period excluding own shares. Full details on the calculation and reconciliation to IFRS reported numbers are included in the Glossary section.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the entity recognises costs for a restructuring that is within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits.

Income statement format

Exceptional items

The Group has adopted an income statement format that seeks to highlight significant items within the Group results for the year. Such items may include impairment of assets, including material adjustments arising from the re-assessment of asset lives, adjustments to contingent consideration, material acquisition integration costs, restructuring costs including termination benefits, profit or loss on disposal or termination of operations, material acquisition costs, litigation settlements, legislative changes, gains or losses on defined benefit pension plan restructuring, external events including disasters relating to weather, pandemics, wars and other acts of God and natural disasters, and profit or loss on disposal of investments. Judgement is used by the Group in assessing the particular items which by virtue of their scale and nature should be disclosed in the income statement and notes as exceptional items.

Earnings before interest, tax and amortisation

The Group believes that Earnings before interest, tax and amortisation ('EBITA') is a relevant performance measure and has therefore disclosed this amount in the Group income statement. EBITA is stated before considering the share of results of equity accounted investees.

Adoption of new and amended standards and interpretations

The Group has adopted the following standards, interpretations and amendments to existing standards during the financial year:

IFRS 16 'Leases'

The Group adopted the modified retrospective approach to transition permitted by the standard in which the cumulative effect of initially applying the standard is recognised in opening retained earnings at 5 January 2020. Under this approach, the comparatives for the 2019 reporting period are not restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 5 January 2020.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. There were no leases previously classified as finance leases as at 4 January 2020.

In applying IFRS 16 for the first time, the Group has availed of practical expedients/exemptions including:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review
- accounting for operating leases with a remaining lease term of within 12 months of 5 January 2020 as short-term leases
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- not reassessing whether a contract is, or contains a lease at the date of initial application
- not making any adjustments on transition for leases for which the underlying asset is of low value

The impact of the adoption of IFRS 16 on the 2020 financial year is as follows:

- right-of-use asset and lease liabilities: initial recognition of €106.4 million and €129.6 million respectively as at 5 January 2020
- non-current other payables*: decrease of €12.5 million as at 5 January 2020
- depreciation charge: increase of €18.0 million
- finance costs: increase of €2.8 million
- earnings used to calculate EPS: decrease of €0.4 million**

* Relate to lease incentives on non-cancellable operating leases under IAS 17 as at 4 January 2020.

** Same impact on the adjusted earnings used to calculate adjusted EPS. The impact of the adoption of IFRS 16 on operating profit for the year ended 2 January 2021 is an increase of €2.4 million and has been calculated based on the portfolio of leases which existed at 4 January 2020.

The lease liabilities as at 5 January 2020 can be reconciled to the operating lease commitments as of 4 January 2020 as follows:

	2020 €'m
Operating lease commitments disclosed as at 4 January 2020	**128.8**
Less: short-term leases recognised as expense	**(0.7)**
Add: adjustments as a result of a different treatment of extension and termination options	**16.8**
Total future lease payments	**144.9**
Effect of discounting (lessee's weighted average incremental borrowing rate of 2.29% on 5 January 2020)	**(15.3)**
Lease liability recognised as at 5 January 2020	**129.6**

No significant judgements or estimates were made in applying IFRS 16 that would have a material impact on the Group. However, it is noted that estimation is involved in determining IBR which is used to measure lease liabilities. The Group estimates the IBR based on the currency and country/region in which a lease is based, the lease term, and the credit quality of the Group. In addition, judgement is involved in determining the lease term where there are extension or termination options. In determining the lease term, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal or not exercise the termination of the lease such as the length of the non-cancellable period of a lease, costs relating to the termination of a lease, and the amount of leasehold improvements that have been or are expected to be undertaken. The Group assesses at lease commencement date whether it is reasonably certain to exercise an extension option or not to exercise a termination option for the lease. The Group reassesses whether it is reasonably certain to exercise or not to exercise them if there is a significant event or change in circumstances within its control.

IFRIC 23 'Uncertainty over Income Tax Treatments'

This interpretation sets out how to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12 'Income taxes'. The adoption of this interpretation did not have a material impact on the financial statements as the Group already applied the principles of IFRIC 23 in determining its provisions for uncertain tax treatments.

Amendments to IFRS 3 'Business Combinations'

The amendments clarify the definition of a business to help entities determine whether an acquired set of activities and assets is a business or not. The adoption of the amendments did not have a material impact on the financial statements.

Other IFRS changes

The following changes to IFRS became effective for the Group during the financial year but did not result in material changes to the Group's consolidated financial statements:

- Amendments to IFRS 9 'Prepayment Features with Negative Compensation'
- Amendments to IAS 28 'Long-term Interests in Associates and Joint Ventures'
- Annual Improvements to IFRS Standards 2015–2017 Cycle: IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 'Employee Benefits Plan Amendment, Curtailment or Settlement'
- Amendments to IAS 1 and IAS 8 'Definition of Material'
- Amendments to References to the Conceptual Framework in IFRS Standards

Notes to the Financial Statements continued

2. Summary of significant accounting policies continued

New and amended standards and interpretations that are not yet effective

The Group has not applied certain new standards, amendments to existing standards and interpretations that have been issued but are not yet effective. The most significant of which are as follows:

Amendment to IFRS 16 'Covid-19-Related Rent Concessions' (EU effective date: on or after 1 June 2020)

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The Group does not expect the adoption of this amendment to have a material impact on the financial statements, as the Covid-19 related rent concessions received by the Group were not material.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform – Phase 2' (EU effective date: on or after 1 January 2021)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ('IBOR') is replaced with an alternative nearly risk-free interest rate. The reliefs include practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform, relief from discontinuing hedging relationships and relief relating to separately identifiable risk components. Additional disclosures relating to the interest rate benchmark reform are required. The Group is currently evaluating the impact of the amendments on future periods.

Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use' (IASB effective date: on or after 1 January 2022 – not yet endorsed)

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The Group is currently evaluating the impact of the amendments on future periods.

Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material impact on the Group or they are not currently relevant for the Group.

3. Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant judgements and estimates made in the preparation of these financial statements are set out below.

Judgements

Exceptional items

The Group considers that items of income or expense which are significant by virtue of their scale and nature should be disclosed separately if the Group financial statements are to fairly present the financial performance and financial position of the Group. Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Group believes would give rise to exceptional items for separate disclosure are outlined in the accounting policy on exceptional items in note 2. Exceptional items are included on the income statement line item to which they relate. In addition, for clarity, separate disclosure is made of all items in one column on the face of the Group income statement.

Interests in joint ventures

The Group holds 51% of the share capital of Glanbia Cheese Limited but this entity is considered to be a joint venture as the Group does not have control of the company as along with its joint venture partner Leprino Foods Company, it has equal representation on the Board of Directors who directs the relevant activities of the business. Decisions about the relevant activities require unanimous consent of the Group and the joint venture partner. The Group controls 50% of the voting rights and is entitled to appoint 50% of the total number of Directors to the Board.

The Group holds 40% of the ordinary share capital of Glanbia Ireland DAC. However this entity is considered to be a joint venture of the Group as the business plan, which directs the relevant activities of the business, requires the unanimous approval of both the Group and Glanbia Co-operative Society Limited which holds the remaining 60% shareholding.

Estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to estimates are recognised prospectively. Key areas where estimates are required include:

Retirement benefit obligations

The Group operates a number of defined benefit pension plans both in Ireland and the UK. The rates of contributions payable, the pension cost and the Group's total obligation in respect of defined benefit plans is calculated and determined by independent qualified actuaries and updated at least annually. Refer to note 9 for the amounts associated with the Irish and UK plans.

The size of the obligation and cost of the benefits are sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions including price inflation, benefit and salary increases together with the discount rate used. The Group disclose the UK defined benefit pension plan details separately from the Irish plans to identify the impact of a change in UK assumptions on the Group's defined benefit pension plans. The estimates pertaining to retirement benefit obligations incorporated the effects of Covid-19 based on actuarial advice where applicable.

The discount rate is a highly sensitive input to the calculation of scheme liabilities. Sensitivity analysis has been completed to assess the impact of a change in the discount rate used and other principal actuarial assumptions. Refer to note 9 for the sensitivity analysis.

Impairment reviews of goodwill and indefinite life intangibles

The Group tests annually whether goodwill and indefinite life intangibles have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of CGUs have been determined based on value in use calculations. These calculations require the use of estimates.

Goodwill and intangible assets in respect of CGUs within the Glanbia Performance Nutrition and Glanbia Nutritionals operating segments are tested for impairment using projected cash flows over a three year period. In cases where management have strategic plans beyond three years these numbers are also used in the projections. Discount rates are based on the Group weighted average cost of capital adjusted for company risk factors and specific country risk. A terminal value assuming 2% growth into perpetuity is also applied. Refer to note 16 for the sensitivity analysis on the key assumptions used for calculating value in use of the CGUs.

Additional information in relation to impairment reviews is disclosed in note 16.

Income taxes

The Group is subject to income tax in numerous jurisdictions. Significant estimation is required in determining the worldwide provision for income taxes. There are many transactions during the ordinary course of business for which the ultimate tax determination is uncertain and the applicable tax legislation is open to differing interpretations. The Group takes external professional advice to help minimise this risk. It recognises liabilities for anticipated tax authority reviews based on estimates of whether additional taxes will be due, having regard to all information available on the tax matter. The Group engages with local tax experts to support the judgements made where there is significant uncertainty about the position taken. In determining any liability for amounts expected to be paid to tax authorities, the Group has regard to the tax status of the entities involved, the external professional advice received, the status of negotiations and correspondence with the relevant tax authorities, the best estimate of the amount expected to become payable, past practices of the tax authorities and any precedents in the relevant jurisdiction. Where the final outcome of these tax matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits may be utilised. The Group estimates the most probable amount of future taxable profits using assumptions consistent with those employed in impairment calculations and taking into consideration applicable tax legislation in the relevant jurisdiction.

Income taxes and deferred taxes are disclosed in notes 12 and 26 respectively.

Notes to the Financial Statements continued

4. Segment information

In accordance with IFRS 8 'Operating Segments', the Group, including its joint ventures, has identified three reportable segments as follows:

Glanbia Performance Nutrition

Glanbia Performance Nutrition manufactures and sells sports nutrition and lifestyle nutrition products through a variety of channels including specialty retail, e-Commerce, Food/Drug/Mass/Club (FDMC), and gyms in a variety of formats, including powders, Ready-to-Eat (bars and snacking foods) and Ready-to-Drink beverages.

Glanbia Nutritionals

Glanbia Nutritionals manufactures and sells cheese, dairy and non-dairy nutritional and functional ingredients, and vitamin and mineral premixes targeting the increased market focus on health and nutrition.

Glanbia Ireland

Glanbia Ireland is the largest milk processor in Ireland producing a range of value added dairy ingredients and consumer products. Glanbia Ireland is also a large scale seller of animal nutrition and fertiliser as well as having a chain of agricultural retail outlets in Ireland. Glanbia Ireland is an equity accounted investee and the amounts stated represent the Group's share (note 17).

Other segments and unallocated

All other segments and unallocated include both the results of other equity accounted investees who manufacture and sell cheese and dairy ingredients and unallocated corporate costs. These investees did not meet the quantitative thresholds for reportable segments in 2020 or 2019.

These segments align with the Group's internal financial reporting system and the way in which the Chief Operating Decision Maker ('CODM') assesses performance and allocates the Group's resources. Each segment is reviewed in its totality by the CODM. The CODM assesses the trading performance of operating segments based on a measure of earnings before interest, tax, amortisation and exceptional items. Given that net finance costs and income tax are managed on a centralised basis, these items are not allocated between operating segments for the purposes of the information presented to the CODM and are accordingly omitted from the detailed segmental analysis below.

Amounts stated for equity accounted investees represents the Group's share.

Pre-exceptional segment results are as follows:

2020	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Total gross segment revenue	**1,138.1**	**2,706.5**	**–**	**3,844.6**	**–**	**3,844.6**
Inter-segment revenue	**(0.1)**	**(21.4)**	**–**	**(21.5)**	**–**	**(21.5)**
Revenue	**1,138.0**	**2,685.1**	**–**	**3,823.1**	**–**	**3,823.1**
Total Group earnings before interest, tax, amortisation and exceptional items	**91.2**	**118.4**	**–**	**209.6**	**–**	**209.6**
Share of results of equity accounted investees	**–**	**–**	**23.9**	**23.9**	**37.7**	**61.6**
2019						
Total gross segment revenue	1,363.8	2,547.8	–	3,911.6	–	3,911.6
Inter-segment revenue	–	(35.9)	–	(35.9)	–	(35.9)
Revenue	1,363.8	2,511.9	–	3,875.7	–	3,875.7
Total Group earnings before interest, tax, amortisation and exceptional items	146.4	130.4	–	276.8	–	276.8
Share of results of equity accounted investees	–	–	22.2	22.2	26.4	48.6

Included in external revenue are related party sales between Glanbia Nutritionals and Glanbia Ireland of €0.6 million (2019: €0.4 million). Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Revenue of approximately €513.7 million (2019: €405.6 million) and €681.2 million (2019: €705.4 million) is derived from two external customers respectively within the Glanbia Nutritionals segment.

Segment earnings before interest, tax, amortisation and exceptional items are reconciled to reported profit before tax and profit after tax in the Group income statement.

Other pre-exceptional segment information is as follows:

2020	Notes	**Glanbia Performance Nutrition €'m**	**Glanbia Nutritionals €'m**	**Glanbia Ireland €'m**	**Total reportable segments €'m**	**All other segments and unallocated €'m**	**Total Group €'m**
Depreciation and impairment of PP&E and ROU assets		**25.4**	**38.5**	**–**	**63.9**	**–**	**63.9**
Amortisation and impairment of intangible assets	16	**44.2**	**16.7**	**–**	**60.9**	**–**	**60.9**
Capital expenditure – additions		**37.4**	**40.5**	**–**	**77.9**	**3.9**	**81.8**
Capital expenditure – business combinations		**–**	**52.6**	**–**	**52.6**	**–**	**52.6**
2019							
Depreciation and impairment of PP&E		17.5	30.6	–	48.1	–	48.1
Amortisation and impairment of intangible assets	16	44.3	16.6	–	60.9	–	60.9
Capital expenditure – additions		23.6	47.1	–	70.7	4.6	75.3
Capital expenditure – business combinations		1.2	51.5	–	52.7	–	52.7

The segment assets and liabilities are as follows:

2020	**Glanbia Performance Nutrition €'m**	**Glanbia Nutritionals €'m**	**Glanbia Ireland €'m**	**Total reportable segments €'m**	**All other segments and unallocated €'m**	**Total Group €'m**
Segment assets	**1,481.2**	**943.6**	**246.2**	**2,671.0**	**394.4**	**3,065.4**
Segment liabilities	**321.4**	**344.8**	**–**	**666.2**	**787.4**	**1,453.6**
2019						
Segment assets	1,709.1	977.6	227.0	2,913.7	487.2	3,400.9
Segment liabilities	350.8	331.8	–	682.6	1,016.4	1,699.0

Geographical information

Non-current assets

The total of non-current assets, other than financial instruments, deferred tax assets, and retirement benefit assets attributable to the country of domicile and all foreign countries of operation for which non-current assets exceed 10% of total Group non-current assets are set out below.

	2020 €'m	2019 €'m
Ireland (country of domicile)	**880.4**	892.3
US	**1,101.3**	1,127.4
Others	**181.3**	172.2
	2,163.0	2,191.9

Notes to the Financial Statements continued

4. Segment information continued

Revenue

Revenue from external customers is allocated to geographical areas based on the place of delivery or collection of the products sold as agreed with customers as opposed to the end use market where the product may be consumed.

	2020			2019		
	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Total €'m	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Total €'m
North America						
– US	802.8	2,374.7	3,177.5	941.0	2,185.4	3,126.4
– Canada	14.7	53.4	68.1	15.9	58.2	74.1
Europe						
– Ireland (country of domicile)	3.0	1.7	4.7	3.0	2.3	5.3
– UK	81.1	17.3	98.4	92.3	15.4	107.7
– Netherlands	52.2	27.7	79.9	55.5	29.0	84.5
– Germany	10.6	19.0	29.6	11.3	19.4	30.7
– Other	69.9	29.8	99.7	80.6	29.6	110.2
Asia Pacific & LATAM						
– China	13.6	57.5	71.1	20.1	51.1	71.2
– Australia	23.1	5.6	28.7	27.3	7.3	34.6
– Japan	4.3	26.2	30.5	4.7	24.9	29.6
– New Zealand	5.6	7.9	13.5	5.5	8.2	13.7
– Other	47.1	57.5	104.6	88.5	76.2	164.7
Rest of World	10.0	6.8	16.8	18.1	4.9	23.0
Total	1,138.0	2,685.1	3,823.1	1,363.8	2,511.9	3,875.7

Disaggregation of revenue

Revenue is disaggregated based on the primary geographical markets in which the Group operates (see table above within Geographical Information). Revenue has also been disaggregated based on the Group's internal reporting structures, the timing of revenue recognition, and channel mix as set out in the following tables.

	2020			2019		
	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Total €'m	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Total €'m
North America Performance Nutrition	434.8	–	434.8	538.3	–	538.3
North America Lifestyle	357.3	–	357.3	392.0	–	392.0
International	270.9	–	270.9	358.7	–	358.7
Direct-to-Consumer	75.0	–	75.0	74.8	–	74.8
Nutritional Solutions	–	746.8	746.8	–	744.9	744.9
US Cheese	–	1,938.3	1,938.3	–	1,767.0	1,767.0
Total	1,138.0	2,685.1	3,823.1	1,363.8	2,511.9	3,875.7
Products transferred at point in time	1,138.0	2,685.1	3,823.1	1,363.8	2,511.9	3,875.7
Products transferred over time	–	–	–	–	–	–
Total	1,138.0	2,685.1	3,823.1	1,363.8	2,511.9	3,875.7

Glanbia Performance Nutrition	2020 €'m	2019 €'m
Distributor	180.3	277.4
Food, Drug, Mass, Club (FDMC)	428.0	456.0
Online	372.8	363.7
Specialty	156.9	266.7
Total	1,138.0	1,363.8

The disaggregation of revenue by channel mix is most relevant for Glanbia Performance Nutrition.

5. Operating profit

	Notes	2020 Pre-exceptional €'m	2020 Exceptional €'m	2020 Total €'m	2019 Pre-exceptional €'m	2019 Exceptional €'m	2019 Total €'m
Revenue		**3,823.1**	**–**	**3,823.1**	3,875.7	–	3,875.7
Cost of goods sold		**(3,134.1)**	**(12.6)**	**(3,146.7)**	(3,095.8)	(19.1)	(3,114.9)
Gross profit		**689.0**	**(12.6)**	**676.4**	779.9	(19.1)	760.8
Selling and distribution expenses		**(310.8)**	**(3.1)**	**(313.9)**	(338.5)	–	(338.5)
Administration expenses		**(164.0)**	**(18.8)**	**(182.8)**	(162.7)	(18.0)	(180.7)
Net impairment losses on financial assets		**(4.6)**	**–**	**(4.6)**	(1.9)	–	(1.9)
Earnings before interest, tax and amortisation (EBITA)		**209.6**	**(34.5)**	**175.1**	276.8	(37.1)	239.7
Intangible asset amortisation and impairment	16	**(60.9)**	**–**	**(60.9)**	(60.9)	(2.0)	(62.9)
Operating profit		**148.7**	**(34.5)**	**114.2**	215.9	(39.1)	176.8

Operating profit is stated after (charging)/crediting:

	Notes	2020 Pre-exceptional €'m	2020 Exceptional €'m	2020 Total €'m	2019 Pre-exceptional €'m	2019 Exceptional €'m	2019 Total €'m
Cost of inventories recognised as an expense in Cost of Goods Sold	20	**(2,794.8)**	**–**	**(2,794.8)**	(2,748.2)	(19.1)	(2,767.3)
Depreciation of property, plant and equipment	15	**(45.9)**	**–**	**(45.9)**	(48.1)	–	(48.1)
Impairment of property, plant and equipment	15	**–**	**(1.3)**	**(1.3)**	–	(0.4)	(0.4)
Depreciation of right-of-use assets	31	**(18.0)**	**–**	**(18.0)**	–	–	–
Impairment of right-of-use assets	31	**–**	**(1.0)**	**(1.0)**	–	–	–
Lease rentals		**(2.9)**	**–**	**(2.9)**	(24.0)	–	(24.0)
Amortisation of intangible assets	16	**(60.9)**	**–**	**(60.9)**	(60.9)	–	(60.9)
Impairment of intangible assets	16	**–**	**–**	**–**	–	(2.0)	(2.0)
Employee benefit expense	7	**(350.6)**	**(10.8)**	**(361.4)**	(343.9)	(4.3)	(348.2)
Auditor's remuneration		**(1.5)**	**–**	**(1.5)**	(1.5)	–	(1.5)
Research and development costs		**(17.3)**	**–**	**(17.3)**	(12.7)	–	(12.7)
Net foreign exchange loss		**(1.3)**	**–**	**(1.3)**	(1.5)	–	(1.5)
Loss on disposal of property, plant and equipment	32	**(0.8)**	**(1.1)**	**(1.9)**	(0.2)	–	(0.2)

The following table discloses the fees paid or payable to Deloitte Ireland LLP, the Group auditor, and to other statutory audit firms in the Deloitte network:

	Statutory auditor		Other statutory auditor network firms	
	2020 €'m	2019 €'m	**2020 €'m**	2019 €'m
The audit of the Group financial statements	**0.7**	0.7	**0.8**	0.8
Other assurance services	**–**	–	**–**	–
Tax advisory services	**–**	–	**–**	–
Other non-audit services	**–**	–	**–**	–
	0.7	0.7	**0.8**	0.8

In addition to the above, Deloitte Ireland LLP and Deloitte network member firms received fees of €0.3 million (2019: €0.3 million) in respect of the audit of the Group's equity accounted investees.

Notes to the Financial Statements continued

6. Exceptional items

The nature of the total exceptional operating loss is as follows:

	Notes	2020 €'m	2019 €'m
Organisation redesign costs	(a)	**31.2**	12.7
Covid-19 costs	(b)	**3.7**	–
Acquisition integration costs	(c)	**3.4**	6.8
Legal settlement gain	(d)	**(3.4)**	–
Asset impairments	(e)	**(0.4)**	17.3
Brexit related costs	(f)	**–**	2.3
Total exceptional charge before taxation		**34.5**	39.1
Share of results of equity accounted investees	(b)	**1.2**	–
Exceptional tax credit	12	**(4.2)**	(4.5)
Total exceptional charge after taxation		**31.5**	34.6

Details of the exceptional items are as follows:

(a) **Organisation redesign costs** primarily relates to a fundamental reorganisation of the GPN segment which commenced in 2019. This global transformation programme aims to realign operating and supply chain structures in support of growth ambitions, sharpen focus on brands and optimise routes-to-market across non-US markets to drive greater efficiencies, improve margin and deliver top line growth. Costs incurred to date includes people and property related costs, professional consulting fees and costs associated with terminating and exiting certain contractual arrangements. Given the scale of this project, further costs are anticipated into 2021 with full completion of the project anticipated by early 2022.

(b) **Covid-19 costs** relate to the costs of dealing with this pandemic in the first half of the year by the Group and its joint ventures and include the costs of implementing measures to protect people, incremental payments to front line workers and other incidental labour related costs directly associated with the onset of this global pandemic. Refer to note 2 for considerations of Covid-19 on the financial statements.

(c) **Acquisition integration costs** comprise costs relating to the integration and restructuring of acquired businesses and the transaction costs incurred in completing the current year acquisition. The charge primarily comprises professional fees and related costs crystallised on post-acquisition integration.

(d) **Legal settlement gain** relates to net compensation received following the successful conclusion of a legacy case.

(e) Prior year **asset impairments** relate to the write down of inventory, development assets and fixed assets to their net realisable value. These impairments primarily related to the rationalisation and simplification of certain product lines and related assets in the GPN business. The credit in 2020 relates to the release of a provision not required on the disposal of certain inventory items. No similar costs were incurred in 2020.

(f) Prior year **Brexit related costs** were incurred in preparing the organisation for the departure of the United Kingdom from the European Union. Costs incurred included professional fees and increased storage and production costs as the Group sought to mitigate the potential risks related to Brexit during 2019. No further significant costs were incurred during 2020.

During 2020 there were cash outflows of €23.5 million and €6.0 million in respect of exceptional charges recognised in FY 2020 and FY 2019 respectively. During 2019 there were cash outflows of €12.0 million in respect of exceptional charges recognised in FY 2019.

7. Employment

The aggregate payroll costs of employees (including Executive Directors) in the Group were:

	Notes	2020 €'m	2019 €'m
Wages and salaries		**306.8**	298.2
Social security costs		**25.2**	25.2
Pension costs – defined contribution plans	9	**10.8**	11.5
Pension costs – defined benefit plans	9	**2.8**	1.2
Other compensation costs			
– Cost of share-based payments	10	**5.2**	4.6
– Company car allowance		**1.7**	1.5
– Private health insurance		**22.3**	20.9
		374.8	363.1

Included within the aggregate payroll costs are exceptional items of €10.8 million (2019: €4.3 million) which include redundancy costs of €7.3 million (2019: €2.4 million). Capitalised labour costs of €13.4 million (2019: €14.9 million) are included within the aggregate payroll costs while the remaining post-exceptional cost of €361.4 million (2019: €348.2 million) are recognised as an expense (note 5).

The average number of employees, excluding the Group's equity accounted investees, is analysed into the following reportable segments:

	2020	2019
Glanbia Performance Nutrition	**2,031**	2,115
Glanbia Nutritionals	**2,500**	2,427
	4,531	4,542

8. Directors' remuneration

The Directors' remuneration information is shown on tables A to H on pages 114 to 117 in the Remuneration Committee Report.

Notes to the Financial Statements continued

9. Retirement benefit obligations

Defined contribution plans

The Group has a number of defined contribution pension plans in operation.

The following amounts have been recognised in the Group income statement:

	Notes	2020 €'m	2019 €'m
Defined contribution pension plan expense	7	**10.8**	11.5

Defined benefit pension plans

The Group operates two defined benefit pension plans in the Republic of Ireland ('Ireland') and two defined benefit pension plans in the United Kingdom ('UK').

The defined benefit pension plans in Ireland and the UK are administered by independent Boards of Trustees through separate trustee controlled funds. These Boards are responsible for the management and governance of the pension plans including compliance with all relevant laws and regulations. Each of the Group's defined benefit pension plans operate under their respective regulatory frameworks and minimum funding requirements in Ireland and the statutory funding objective in the UK. The UK pension plans comprise solely of pensioners and deferred pensioners.

The defined benefit pension plans provide retirement and death benefits for the Group's employees. The majority of the defined benefit pension plans are career average pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their average salary over their period of employment.

The contributions paid to the defined benefit pension plans are in accordance with the schedule of contributions agreed between the Group and the Trustees of the relevant plans as recommended in the actuarial valuation reports or in subsequent actuarial advice. The contributions are partly funded by the employees, where they are required to contribute a fixed percentage of pensionable salary, and partly by the Group. The latest actuarial valuation reports for these plans, which are not available for public inspection, are dated between 5 April 2017 and 1 January 2019.

During 2019 changes to certain assumptions underlying the past service cost were agreed with the Trustees which resulted in a credit to past service cost of €1.2 million.

Recognition in the Group balance sheet:

	2020 €'m	2019 €'m
Non-current assets		
Surplus on defined benefit pension plan	**2.6**	2.1
Non-current liabilities		
Deficit on defined benefit pension plan	**(31.9)**	(48.4)
Net defined benefit pension plan liability	**(29.3)**	(46.3)

The amounts recognised in the balance sheet and the movements in the net defined benefit obligations over the year are as follows:

2020	Present value of obligation ROI €'m	Present value of obligation UK €'m	Present value of obligation Total €'m	Fair value of plan assets ROI €'m	Fair value of plan assets UK €'m	Fair value of plan assets Total €'m	Total net defined liability €'m
At the beginning of the year	**(142.5)**	**(111.0)**	**(253.5)**	**116.3**	**90.9**	**207.2**	**(46.3)**
Current service cost	**(1.9)**	**–**	**(1.9)**	**–**	**–**	**–**	**(1.9)**
Past service cost	**–**	**(0.3)**	**(0.3)**	**–**	**–**	**–**	**(0.3)**
Interest (expense)/income	**(1.4)**	**(1.9)**	**(3.3)**	**1.1**	**1.6**	**2.7**	**(0.6)**
Total amount recognised in profit or loss	**(3.3)**	**(2.2)**	**(5.5)**	**1.1**	**1.6**	**2.7**	**(2.8)**
Remeasurements							
– Return of plan assets in excess of interest income	**–**	**–**	**–**	**11.8**	**12.9**	**24.7**	**24.7**
– Actuarial loss arising from experience adjustments	**(0.2)**	**(0.5)**	**(0.7)**	**–**	**–**	**–**	**(0.7)**
– Actuarial loss arising from changes in demographic assumptions	**–**	**(0.6)**	**(0.6)**	**–**	**–**	**–**	**(0.6)**
– Actuarial loss arising from changes in financial assumptions	**(6.7)**	**(7.9)**	**(14.6)**	**–**	**–**	**–**	**(14.6)**
Total amount recognised in other comprehensive income	**(6.9)**	**(9.0)**	**(15.9)**	**11.8**	**12.9**	**24.7**	**8.8**
Exchange differences	**–**	**5.9**	**5.9**	**–**	**(4.9)**	**(4.9)**	**1.0**
Contributions paid by the employer	**–**	**–**	**–**	**2.3**	**7.7**	**10.0**	**10.0**
Contributions paid by the employee	**(0.3)**	**–**	**(0.3)**	**0.3**	**–**	**0.3**	**–**
Benefits paid	**6.7**	**3.9**	**10.6**	**(6.7)**	**(3.9)**	**(10.6)**	**–**
At the end of the year	**(146.3)**	**(112.4)**	**(258.7)**	**125.1**	**104.3**	**229.4**	**(29.3)**

2019	Present value of obligation ROI €'m	Present value of obligation UK €'m	Present value of obligation Total €'m	Fair value of plan assets ROI €'m	Fair value of plan assets UK €'m	Fair value of plan assets Total €'m	Total net defined liability €'m
At the beginning of the year	(127.3)	(97.5)	(224.8)	105.9	80.4	186.3	(38.5)
Current service cost	(1.7)	–	(1.7)	–	–	–	(1.7)
Past service cost	–	1.2	1.2	–	–	–	1.2
Interest (expense)/income	(2.3)	(2.5)	(4.8)	1.9	2.2	4.1	(0.7)
Total amount recognised in profit or loss	(4.0)	(1.3)	(5.3)	1.9	2.2	4.1	(1.2)
Remeasurements							
– Return of plan assets in excess of interest income	–	–	–	10.2	1.1	11.3	11.3
– Actuarial loss arising from experience adjustments	(0.7)	–	(0.7)	–	–	–	(0.7)
– Actuarial loss arising from changes in demographic assumptions	–	(0.6)	(0.6)	–	–	–	(0.6)
– Actuarial loss arising from changes in financial assumptions	(14.2)	(10.4)	(24.6)	–	–	–	(24.6)
Total amount recognised in other comprehensive income	(14.9)	(11.0)	(25.9)	10.2	1.1	11.3	(14.6)
Exchange differences	–	(5.8)	(5.8)	–	5.0	5.0	(0.8)
Contributions paid by the employer	–	–	–	2.0	6.8	8.8	8.8
Contributions paid by the employee	(0.3)	–	(0.3)	0.3	–	0.3	–
Benefits paid	4.0	4.6	8.6	(4.0)	(4.6)	(8.6)	–
At the end of the year	(142.5)	(111.0)	(253.5)	116.3	90.9	207.2	(46.3)

The net liability disclosed above relates to funded plans.

Notes to the Financial Statements continued

9. Retirement benefit obligations continued

The fair value of plan assets at the end of the reporting period are as follows:

	2020				2019			
	Quoted €'m	Unquoted €'m	Total €'m	%	Quoted €'m	Unquoted €'m	Total €'m	%
Equities								
– Consumer	4.2	–	4.2	2	2.6	–	2.6	1
– Financials	4.2	–	4.2	2	4.5	–	4.5	2
– Information technology	4.7	–	4.7	2	4.1	–	4.1	2
– Other	12.2	–	12.2	5	12.4	–	12.4	6
Corporate bonds								
– Investment grade	9.5	–	9.5	4	8.8	–	8.8	4
– Non-investment grade	1.6	–	1.6	1	1.0	–	1.0	1
Government bonds and gilts	51.3	–	51.3	22	48.1	–	48.1	23
Property	–	2.3	2.3	1	–	2.4	2.4	1
Cash	2.3	6.7	9.0	4	1.3	9.7	11.0	6
Investment funds	11.0	108.9	119.9	52	–	101.6	101.6	49
Other	–	10.5	10.5	5	–	10.7	10.7	5
	101.0	128.4	229.4	100	82.8	124.4	207.2	100

The plan assets at the end of the reporting period do not include any equities held in the Group, nor does the Group use or occupy any of the plan assets.

Principal risks in the defined benefit pension plans

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment risk
The pension liabilities are discounted using market yields on high-quality corporate bonds. If the return on plan assets is below this rate, it will create a plan deficit. Currently, the pension plans hold investments in primarily investment funds and government bonds and gilts. The Trustees conduct investment reviews to take advice on asset allocation, taking into account asset valuations, liability durations, funding measurements and an achievement of an appropriate return on assets.

(b) Interest rate risk
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. A change in the net defined benefit obligation as a result of changes in the discount rate leads to volatility in the Group balance sheet, Group income statement and Group statement of comprehensive income. It also impacts the funding requirements for the plans.

(c) Inflation risk
A significant proportion of the benefits under the plans are linked to inflation, be it consumer price inflation or retail price inflation, which in most cases are subject to a cap on annual increases. Although there are caps in force on inflation increases and the plans' assets are expected to provide a good hedge against inflation over the long term, higher inflation will lead to higher liabilities.

(d) Longevity risk
The present value of the defined benefit obligation is calculated by reference to the best estimate of the life expectancy of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.

Principal assumptions used in the defined benefit pension plans

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2020 ROI	2020 UK	2019 ROI	2019 UK
Discount rate	**0.70%**	**1.45%**	1.00%	1.85%
Inflation rate	**1.10%**	**2.25%–2.90%**	1.10%–1.20%	2.05%–2.95%
Future salary increases*	**2.10%**	**0.00%**	2.20%	0.00%
Future pension increases	**0.00%**	**2.25%–2.80%**	0.00%	2.15%–2.80%
Mortality rates (years)				
– Male – reaching 65 years of age in 20 years' time	**24.0**	**22.1**	23.8	22.0
– Female – reaching 65 years of age in 20 years' time	**26.1**	**24.4**	25.9	24.2
– Male – currently aged 65 years old	**21.7**	**21.1**	21.4	20.9
– Female – currently aged 65 years old	**24.1**	**23.2**	23.9	22.9

* The ROI defined benefit pension plans are on a career average structure therefore this assumption does not have a material impact. The UK defined benefit pension plans comprise solely pensioners and deferred pensioners.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Sensitivity analysis for principal assumptions used to measure plan liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension plans. The following table analyses, for the Group's pension plans, the estimated impact on the plan liabilities resulting from changes to key actuarial assumptions, with all other assumptions remaining constant.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated. The impact on the plan liabilities has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognised in the Group balance sheet.

There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

		ROI plans		UK plans	
Assumption	**Change in assumption**	**Increase €'m**	**Decrease €'m**	**Increase €'m**	**Decrease €'m**
2020					
Discount rate	0.25% movement	**(6.2)**	**6.6**	**(4.2)**	**4.5**
Inflation rate	0.25% movement	**1.8**	**(1.8)**	**3.7**	**(3.5)**
Mortality rate	1 year movement	**5.0**	**(4.9)**	**5.5**	**(5.4)**
Future salary increases*					
Future pension increases**					
2019					
Discount rate	0.25% movement	(6.0)	6.4	(4.2)	4.5
Inflation rate	0.25% movement	1.8	(1.8)	3.7	(3.6)
Mortality rate	1 year movement	4.7	(4.6)	5.1	(5.1)
Future salary increases*					
Future pension increases**					

* The majority of the defined benefit plans are career average plans. As a result, future salary increases will not have a material impact on the plan liabilities.
** There are no future pension increases agreed in the material defined benefit pension plans.

	2020 ROI plans	2020 UK plans	2019 ROI plans	2019 UK plans
Expected contributions to the defined benefit plans for the coming year (€'m)	**3.9**	**3.6**	2.2	7.0
Weighted average duration of the defined benefit plans	**17 years**	**16 years**	17 years	15 years

Notes to the Financial Statements continued

10. Share-based payment expense

The Group operates various equity settled share-based payment arrangements which are described in this note. Further details of the plans are available in the Remuneration Committee Report on pages 96 to 117.

The total cost recognised in the Group income statement is analysed as follows:

	Notes	2020 €'m	2019 €'m
The 2008 Long-term incentive plan (2008 LTIP)		–	0.3
The 2018 Long-term incentive plan (2018 LTIP)		**4.2**	2.4
The 2019 Restricted Share Plan (2019 RSP)		**1.0**	1.6
The annual incentive deferred into shares scheme (AIDIS)		–	0.3
	7/32	**5.2**	4.6

Refer to note 23 for the movement in the share-based payment reserve recognised in the Group balance sheet.

2008 LTIP and 2018 LTIP

The 2008 LTIP was introduced in 2008 following approval by the shareholders, under which share awards are granted to Executive Directors and certain senior managers in the form of a provisional allocation of shares for which no exercise price is payable. The 2008 LTIP expired on 4 March 2018 and was replaced by the 2018 LTIP. No further awards were made under the 2008 LTIP after 4 March 2018.

Awards granted under the 2008 LTIP and 2018 LTIP are scheduled to vest to the extent that there is sustained improvement in the underlying financial performance over a three-year period and that the service condition is fulfilled as determined by the Remuneration Committee. Awards lapse/expire by the fourth anniversary of the date of a grant. The maximum annual award level is 250% of base salary. Vesting is determined on a straight line basis between threshold and maximum. There is a requirement to hold shares received pursuant to the vesting of LTIP awards for a minimum period of one year post-vesting (two years for members of the Group Operating Executive).

The extent of vesting for awards outstanding is determined based on a combination of performance metrics comprised of Group adjusted Earnings Per Share, relative Total Shareholder Return performance ('TSR') against the STOXX Europe 600 Food & Beverage index, Group Return on Capital Employed ('ROCE'), business segment EBITA and ROCE where applicable, a service condition and in certain circumstances a personal objective.

2019 RSP

This scheme was introduced in 2019 to provide share awards to certain employees. The maximum award level is 250% of base salary. The extent of vesting for awards outstanding is generally determined based on a service condition and personal objectives.

AIDIS

This scheme is an annual performance related incentive scheme for Executive Directors and other senior management. The fair value of the annual incentive deferred into shares scheme was calculated as nil in 2020 (2019: €0.3 million) and equates to the cash value of the portion of the annual incentive that will be settled by way of shares. The number of shares received is determined by the share price on the date of allocation. The incentive will be invested in shares in the Company and delivered to the Executive Directors and senior management two years following this investment.

2002 LTIP

This plan closed to further grants in 2012, the last share options were granted in 2011. Under the 2002 LTIP, options could not be exercised before the expiration of three years from the date of grant and could only be exercised if a pre-determined performance criterion for the Group had been achieved. The performance criterion required an increase in the adjusted Earnings per Share of the Group of at least the Consumer Price Index plus 5% over a three-year period. When the options are exercised, the Company issues new shares and the fair value of the awards exercised is reclassified from the share-based payment reserve to retained earnings. The fair value of the share options was calculated using the Binomial Model.

There is no movement in the number of options outstanding under 2002 LTIP for the year ended 2 January 2021 and 4 January 2020. The number of share options outstanding and exercisable as at 2 January 2021 and 4 January 2020 is 40,000. They have a weighted average exercise price of €4.38 per share and expire in 2021.

Movement in the number of awards of the 2018 LTIP, 2008 LTIP and 2019 RSP, and the weighted average fair value of grants during the years ended 2 January 2021 and 4 January 2020 are as follows:

	2018 LTIP		2008 LTIP		2019 RSP	
	2020 Number	2019 Number	**2020 Number**	2019 Number	**2020 Number**	2019 Number
At the beginning of the year	**1,832,628**	1,002,386	**692,603**	1,349,801	**159,659**	–
Granted	**1,859,687**	925,522	**–**	–	**360,478**	222,116
Vested	**–**	–	**(196,452)**	(304,444)	**(5,033)**	(56,457)
Lapsed	**(169,933)**	(95,280)	**(496,151)**	(352,754)	**(12,032)**	(6,000)
At the end of the year	**3,522,382**	1,832,628	**–**	692,603	**503,072**	159,659
Weighted average fair value of awards granted	**€7.43**	€15.94	**–**	–	**€10.35**	€14.41

The assumptions used in the valuation of the awards granted under 2018 LTIP and 2019 RSP during the years ended 2 January 2021 and 4 January 2020 included:

	2018 LTIP – 2020 awards	2018 LTIP – 2019 awards	**2019 RSP – 2020 awards**	2019 RSP – 2019 awards
Model used	**Monte Carlo**	Monte Carlo	**Discounted cash flow**	Discounted cash flow
Year of earliest vesting date	**2023**	2022	**2021-2023**	2019-2022
Share price at date of award	**€8.24**	€17.73	**€9.19-€10.42**	€9.91-€17.01
Risk-free interest rate	**(0.68%)**	(0.63%)	**–**	–
Expected volatility*	**32.5%**	25.7%	**–**	–
Expected dividend yield	**2.15%**	1.56%	**2.57%-2.60%**	1.55%–1.69%
Fair value – TSR component	**€4.62**	€8.68	**–**	–
Fair value – non-market performance component	**€7.72**	€16.92	**–**	–

* Expected volatility was determined by calculating the historical volatility of the Company's share price over a period equivalent to the expected life of the award.

11. Finance income and costs

	Notes	**2020 €'m**	2019 €'m
Finance income			
Interest income on loans at amortised cost to related parties	35	**1.3**	1.3
Interest income on deposits		**2.2**	4.7
Net interest income on swaps		**0.6**	0.2
Total finance income	32	**4.1**	6.2
Finance costs			
Bank borrowing costs		**(12.8)**	(24.0)
Facility fees including cost amortisation		**(1.7)**	(1.1)
Finance cost of private placement debt		**(7.3)**	(7.4)
Interest expense on lease liabilities	31	**(2.8)**	–
Total finance costs	32	**(24.6)**	(32.5)
Net finance costs		**(20.5)**	(26.3)

Net finance costs do not include bank borrowing costs of €0.5 million (2019: €0.7 million) attributable to the acquisition, construction or production of a qualifying asset, which have been capitalised, as disclosed in note 15. Interest is capitalised at the Group's average interest rate for the period of 2.9% (2019: 3.4%). Where relevant, tax deduction for capitalised interest was taken in accordance with Sec 81(3), TCA 1997. Tax relief in relation to capitalised interest is nil (2019: nil).

Notes to the Financial Statements continued

12. Income taxes

	Notes	2020 €'m	2019 €'m
Current tax			
Irish current tax charge		**5.7**	3.2
Adjustments in respect of prior years		**0.1**	0.9
Irish current tax for the year		**5.8**	4.1
Foreign current tax		**14.8**	16.0
Adjustments in respect of prior years		**(1.4)**	(0.9)
Foreign current tax for the year		**13.4**	15.1
Total current tax		**19.2**	19.2
Deferred tax			
Deferred tax – current year		**(11.6)**	(1.2)
Adjustments in respect of prior years		**2.7**	0.9
Total deferred tax	26	**(8.9)**	(0.3)
Tax charge	32	**10.3**	18.9

The tax credit on exceptional items included in the above amounts is as follows:

	Notes	2020 €'m	2019 €'m
Current tax credit on exceptional items		**(4.2)**	(4.4)
Deferred tax credit on exceptional items		**–**	(0.1)
Total tax credit on exceptional items for the year	6	**(4.2)**	(4.5)

The net tax credit on exceptional items has been disclosed separately above as it relates to costs and income which have been presented as exceptional.

The tax on the Group's profit before tax differs from the theoretical amount that would arise applying the corporation tax rate in Ireland, as follows:

	2020 €'m	2019 €'m
Profit before tax	**154.1**	199.1
Income tax calculated at Irish rate of 12.5% (2019: 12.5%)	**19.3**	24.9
Earnings at higher Irish rates	**2.0**	0.2
Difference due to overseas tax rates (capital and trading)	**8.1**	4.0
Adjustment to tax charge in respect of previous periods	**1.4**	0.9
Tax on share of results of equity accounted investees included in profit before tax	**(7.6)**	(6.2)
Other reconciling items	**(12.9)**	(4.9)
Total tax charge	**10.3**	18.9

Details of deferred tax charged or credited directly to other comprehensive income during the year are outlined in note 26.

Factors that may affect future tax charges and other disclosure requirements
The total tax charge in future periods will be affected by any changes to the applicable tax rates in force in jurisdictions in which the Group operates and other relevant changes in tax legislation, including amendments impacting on the excess of tax depreciation over accounting depreciation. The total tax charge of the Group may also be influenced by the effects of corporate development activity and the resolution of uncertain tax positions where the final outcome of those matters is different than the amounts recorded (note 3).

13. Earnings Per Share

Basic

Basic Earnings Per Share is calculated by dividing the net profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares (note 23). The weighted average number of ordinary shares in issue used in the calculation of Basic Earnings Per Share is 295,173,279 (2019: 295,215,046).

	2020	2019
Profit after tax attributable to equity holders of the Company (€'m)	**143.8**	180.2
Basic Earnings Per Share (cent)	**48.72**	61.04

Diluted

Diluted Earnings Per Share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. Share options and share awards are the Company's only potential dilutive ordinary shares.

The share awards, which are performance based, are treated as contingently issuable shares, because their issue is contingent upon satisfaction of specified performance conditions, as well as the passage of time. Contingently issuable shares are included in the calculation of Diluted Earnings Per Share to the extent that conditions governing exercisability have been satisfied, as if the end of the reporting period were the end of the vesting period. The number of share options represents the number expected to be exercised.

	2020	2019
Weighted average number of ordinary shares in issue	**295,173,279**	295,215,046
Shares deemed to be issued for no consideration in respect of:		
– Share awards	**762,861**	543,676
– Share options	**22,031**	27,441
Weighted average number of shares used in the calculation of Diluted Earnings Per Share	**295,958,171**	295,786,163
Diluted Earnings Per Share (cent)	**48.59**	60.92

14. Dividends

The dividends paid and recommended on ordinary share capital are as follows:

	Notes	2020 €'m	2019 €'m
Equity dividends to shareholders			
Final – paid 15.94c per ordinary share (2019: 14.49c)		**47.2**	42.9
Interim – paid 10.68c per ordinary share (2019: 10.68c)		**31.6**	31.6
Total		**78.8**	74.5
Reconciliation to Group statement of cash flows and statement of changes in equity			
Dividends to shareholders		**78.8**	74.5
Waived dividends in relation to own shares		**(0.2)**	(0.2)
Total dividends paid to equity holders of the Company	24	**78.6**	74.3
Equity dividends recommended			
Final 2020 – proposed 15.94c per ordinary share (2019: 15.94c)	36	**46.9**	47.2

Notes to the Financial Statements continued

15. Property, plant and equipment

	Notes	Land and buildings €'m	Plant and equipment €'m	Motor vehicles €'m	Total €'m
Year ended 2 January 2021					
Opening carrying amount		**201.2**	**272.2**	**0.7**	**474.1**
Exchange differences		**(14.9)**	**(22.9)**	**(0.1)**	**(37.9)**
Acquisitions	34	**3.9**	**3.1**	**–**	**7.0**
Additions		**10.0**	**29.2**	**–**	**39.2**
Impairment	5	**(0.5)**	**(0.8)**	**–**	**(1.3)**
Disposal of assets		**(0.3)**	**(1.6)**	**–**	**(1.9)**
Depreciation charge	5/32	**(10.9)**	**(34.7)**	**(0.3)**	**(45.9)**
Closing carrying amount		**188.5**	**244.5**	**0.3**	**433.3**
At 2 January 2021					
Cost		**280.1**	**560.0**	**2.7**	**842.8**
Accumulated depreciation and impairment		**(91.6)**	**(315.5)**	**(2.4)**	**(409.5)**
Carrying amount		**188.5**	**244.5**	**0.3**	**433.3**
Year ended 4 January 2020					
Opening carrying amount		186.9	265.2	0.9	453.0
Exchange differences		4.3	7.4	–	11.7
Acquisitions		11.5	5.1	–	16.6
Additions		9.3	32.3	0.1	41.7
Impairment	5	–	(0.4)	–	(0.4)
Disposal of assets		–	(0.4)	–	(0.4)
Depreciation charge	5/32	(10.8)	(37.0)	(0.3)	(48.1)
Closing carrying amount		201.2	272.2	0.7	474.1
At 4 January 2020					
Cost		290.5	594.7	3.1	888.3
Accumulated depreciation and impairment		(89.3)	(322.5)	(2.4)	(414.2)
Carrying amount		201.2	272.2	0.7	474.1

Included in the closing cost at 2 January 2021 is an amount of €25.2 million (2019: €14.7 million) incurred in respect of assets under construction. Included in the cost of additions for 2020 is €0.5 million (2019: €0.3 million) incurred in respect of staff costs capitalised into assets. Included in the cost of additions for 2020 is €0.5 million (2019: €0.7 million) incurred in respect of borrowing cost capitalised into assets.

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the Group financial statements is as follows:

	2020 €'m	2019 €'m
Property, plant and equipment	**7.9**	8.3

16. Intangible assets

	Notes	Goodwill €'m	Brands and other intangibles €'m	Software costs €'m	Development costs €'m	Total €'m
Year ended 2 January 2021						
Opening carrying amount		**574.3**	**684.1**	**64.4**	**21.8**	**1,344.6**
Exchange differences		**(48.9)**	**(58.7)**	**(2.1)**	**(1.9)**	**(111.6)**
Acquisitions	34	**23.0**	**21.8**	**0.2**	**–**	**45.0**
Additions		**–**	**0.7**	**15.0**	**10.5**	**26.2**
Amortisation	4/5/32	**–**	**(38.2)**	**(12.9)**	**(9.8)**	**(60.9)**
Closing carrying amount		**548.4**	**609.7**	**64.6**	**20.6**	**1,243.3**
At 2 January 2021						
Cost		**548.4**	**853.0**	**123.0**	**82.1**	**1,606.5**
Accumulated amortisation and impairment		**–**	**(243.3)**	**(58.4)**	**(61.5)**	**(363.2)**
Carrying amount		**548.4**	**609.7**	**64.6**	**20.6**	**1,243.3**
Year ended 4 January 2020						
Opening carrying amount		549.8	680.1	53.9	20.2	1,304.0
Exchange differences		14.2	18.1	0.9	0.6	33.8
Acquisitions		10.3	25.5	0.3	–	36.1
Additions		–	0.5	18.8	14.3	33.6
Impairment	5	–	–	–	(2.0)	(2.0)
Amortisation	4/5/32	–	(40.1)	(9.5)	(11.3)	(60.9)
Closing carrying amount		574.3	684.1	64.4	21.8	1,344.6
At 4 January 2020						
Cost		574.3	915.6	112.9	101.9	1,704.7
Accumulated amortisation and impairment		–	(231.5)	(48.5)	(80.1)	(360.1)
Carrying amount		574.3	684.1	64.4	21.8	1,344.6

The average remaining amortisation period for software costs is 5.2 years (2019: 5.6 years) and development costs is 2.2 years (2019: 2.1 years).

Approximately €13.5 million (2019: €8.8 million) of software additions during the year were internally generated which included €6.2 million (2019: €7.5 million) of staff costs capitalised. Approximately €10.5 million of development cost additions during the year (2019: €14.2 million) were internally generated which included €6.7 million (2019: €7.1 million) of staff costs capitalised.

Notes to the Financial Statements continued

16. Intangible assets continued

Brands and other intangibles

	Notes	Brands €'m	Customer relationships €'m	Recipes, Know-how and other €'m	Total €'m
Year ended 2 January 2021					
Opening carrying amount		**464.6**	**209.9**	**9.6**	**684.1**
Exchange differences		**(40.2)**	**(17.2)**	**(1.3)**	**(58.7)**
Acquisitions	34	**4.6**	**3.3**	**13.9**	**21.8**
Additions		**–**	**–**	**0.7**	**0.7**
Amortisation		**(11.4)**	**(25.2)**	**(1.6)**	**(38.2)**
Closing carrying amount		**417.6**	**170.8**	**21.3**	**609.7**
At 2 January 2021					
Cost		**478.5**	**351.0**	**23.5**	**853.0**
Accumulated amortisation and impairment		**(60.9)**	**(180.2)**	**(2.2)**	**(243.3)**
Carrying amount		**417.6**	**170.8**	**21.3**	**609.7**
Year ended 4 January 2020					
Opening carrying amount		463.4	214.7	2.0	680.1
Exchange differences		12.3	5.9	(0.1)	18.1
Acquisitions		1.1	15.6	8.8	25.5
Additions		0.5	–	–	0.5
Amortisation		(12.7)	(26.3)	(1.1)	(40.1)
Closing carrying amount		464.6	209.9	9.6	684.1
At 4 January 2020					
Cost		519.2	386.1	10.3	915.6
Accumulated amortisation and impairment		(54.6)	(176.2)	(0.7)	(231.5)
Carrying amount		464.6	209.9	9.6	684.1

Individually material intangible assets with definite useful lives

	Carrying amount 2020 €'m	Average remaining amortisation period 2020 Years	Carrying amount 2019 €'m	Average remaining amortisation period 2019 Years
Brands				
Glanbia Performance Nutrition – BSN	**39.0**	**30**	44.4	31
Glanbia Performance Nutrition – Isopure	**49.8**	**34**	56.4	35
Glanbia Performance Nutrition – think!	**61.2**	**35**	69.3	36
Glanbia Performance Nutrition – Amazing Grass	**30.1**	**36**	34.0	37
Glanbia Performance Nutrition – Body & Fit	**11.0**	**36**	11.3	37
Glanbia Performance Nutrition – SlimFast North America	**87.9**	**38**	99.6	39
Glanbia Performance Nutrition – SlimFast International	**18.0**	**38**	20.4	39
Customer relationships				
Glanbia Performance Nutrition – Optimum Nutrition	**12.7**	**2**	19.3	3
Glanbia Performance Nutrition – BSN	**11.8**	**5**	16.1	6
Glanbia Performance Nutrition – Isopure	**14.2**	**7**	18.0	8
Glanbia Performance Nutrition – think!	**38.1**	**8**	47.5	9
Glanbia Performance Nutrition – Amazing Grass	**24.6**	**11**	29.5	12
Glanbia Performance Nutrition – SlimFast North America	**37.2**	**13**	44.5	14
Glanbia Performance Nutrition – SlimFast International	**14.2**	**13**	16.9	14

Management reviewed the amortisation period and amortisation method for the intangible assets with definite useful lives at the reporting date. Management noted no difference in the expected useful life of the brands and customer relationship assets from the original estimates and noted no change in the expected pattern of consumption of the future economic benefits of the assets.

Individually material indefinite life intangible assets

	Carrying amount 2020 €'m	**Useful life 2020 Years**	Carrying amount 2019 €'m	Useful life 2019 Years
Brands				
Glanbia Performance Nutrition – Optimum Nutrition	**100.0**	**Indefinite**	110.1	Indefinite

The movement in the carrying amount of the asset is in relation to exchange differences arising on translation at year end.

As at the reporting date management reviewed the events and circumstances supporting the indefinite useful life assessment. The brand is long established, continues to have a strong market presence with high customer recognition and there are no material legal, contractual or other factors that limit its useful life. In addition, the likelihood that market based factors could truncate the brand's life is relatively remote because of the size, diversification and market share of the brand. It was determined that this asset will continue to contribute indefinitely to the cash flows of the Group.

Impairment tests for goodwill and indefinite life intangibles

Goodwill and indefinite life intangibles acquired in business combinations are allocated to the Group's cash generating units ('CGUs') that are expected to benefit from the business acquisition, rather than where the assets are owned. The CGUs represent the lowest level within the Group at which the associated goodwill and indefinite life intangibles are monitored for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 'Operating Segments'. CGUs are kept under review to ensure that they reflect changing interdependencies of cash inflows within the Group and how management monitors operations.

Cash generating units (CGUs)

During the current year, the fundamental reorganisation of the GPN segment, which commenced in 2019, continued to progress. This global transformation project aims to realign operating and supply chain structures in support of individual businesses, sharpen focus on brands and optimise routes-to-market across non-US markets to drive greater efficiencies, improve margin and deliver top line growth. Consequently, this project led to the formation of distinct lines of business within the GPN segment, including (i) North America Performance Nutrition (ii) North America Lifestyle (iii) International and (iv) Direct-to-Consumer businesses. To date, each of these businesses with the exception of North America Lifestyle represents a stand-alone CGU within the GPN business unit, as cash flows across geographies and markets are largely interdependent, and the structure mirrors how management now monitor operations. Work is ongoing within the North America Lifestyle line of business which is represented as three CGUs (SlimFast North America, think! and Amazing Grass) at 2 January 2021, whilst the full reorganisation efforts continue.

In the Glanbia Nutritionals segment, a number of changes underpinned the interdependency of the cash inflows of the previously separately identifiable CGUs (other than US Cheese) into a single CGU. The changes include the integration of the Watson acquisition within Nutritional Solutions, a reorganisation of the sales team to focus on overall product sales, and re-deployment of assets across different product lines and regions to optimise supply chain structure. The changes in CGUs are consistent with how management now monitor operations.

The intangible assets including goodwill of the CGUs as at 4 January 2020 were allocated to the CGUs as at 2 January 2021 based on the lines of business within GPN or GN that they fall under. As a result of the changes in CGUs, the CGUs to which significant amounts of goodwill and indefinite life intangibles have been allocated and the associated discount rates used for impairment testing as at 2 January 2021 are set out below:

	Goodwill 2020 €'m	**Indefinite life intangibles 2020 €'m**	**Discount rate**
North America Performance Nutrition	**125.7**	**92.1**	**7.39%**
North America Lifestyle			
– SlimFast North America	**100.2**	**–**	**7.39%**
– think!	**75.9**	**–**	**7.39%**
– Amazing Grass	**34.6**	**–**	**7.39%**
International	**49.2**	**7.9**	**8.82%**
Direct-to-Consumer	**27.1**	**–**	**8.13%**
Nutritional Solutions	**130.2**	**–**	**7.39%**
Other CGUs without individually significant goodwill	**5.5**	**–**	**8.13%**
	548.4	**100.0**	

Notes to the Financial Statements continued

16. Intangible assets continued

The intangible assets including goodwill of the CGUs as at 4 January 2020 were allocated to the CGUs as at 2 January 2021 based on the lines of business within GPN or GN that they fall under.

The CGUs to which significant amounts of goodwill and indefinite life intangibles have been allocated and the associated discount rates used for impairment testing as at 4 January 2020 are set out below:

	Goodwill 2019 €'m	Indefinite life intangibles 2019 €'m	Discount rate 2019
Glanbia Performance Nutrition – Optimum Nutrition	77.4	110.1	7.55%
Glanbia Performance Nutrition – Isopure	56.9	–	7.58%
Glanbia Performance Nutrition – SlimFast North America	112.6	–	7.12%
Glanbia Performance Nutrition – think!	83.5	–	7.12%
Glanbia Performance Nutrition – Amazing Grass	38.1	–	7.12%
Glanbia Performance Nutrition – SlimFast International	26.3	–	7.49%
Glanbia Performance Nutrition – Body & Fit	28.5	–	6.95%
Glanbia Nutritionals – Premix and non-dairy bioactives – Americas	72.2	–	7.12%
Other CGUs without individually significant goodwill	78.8	–	7.12% – 7.89%
	574.3	110.1	

Key assumptions

Refer to note 2 for Covid-19 considerations relating to the key assumptions. The recoverable amount of goodwill and indefinite life intangibles allocated to a CGU is determined based on a value in use computation. The key assumptions for calculating value in use of the CGUs are discount rates, growth rates and cash flows. They are described as follows:

Discount rates

Refer to the tables within this section for the pre-tax discount rates that are applied to the cash flow projections in the value in use computations. The pre-tax discount rates are based on the Group's weighted average cost of capital, calculated using the Capital Asset Pricing Model adjusted for the Group's specific beta coefficient together with a country risk premium to take account of the countries from where the CGU derives its cash flows.

Growth rates

A terminal value of 2% growth into perpetuity was used to extrapolate cash flows beyond the budget and strategic plan period. This growth rate does not exceed the long-term average growth rate for the industries in which each CGU operates. The application of the terminal value has taken account of the Group's position, playing in large and growing markets which centre around nutrition and healthy lifestyles.

Cash flows

The cash flow projections are based on three years of cash flows being, the 2021 budget formally approved by, and the strategic plan for 2022 and 2023 as presented to, the Board of Directors. In cases where management have strategic plans beyond 2023 these numbers are also used in the projections. Due to management's plan as part of the Direct-to-Consumer business model to reinvest the profits of the business for a number of years to drive revenue growth and build the brand for potential expansion into other markets, the cash flows of the CGU relating to Direct-to-Consumer (formerly Body & Fit) are forecast over a period of six years. In respect of think! lifestyle business the strategy presented to the Board covered a five year period from 2021 to 2025 and these cash flows have been used in the impairment calculations.

In preparing the 2021 budget and strategic plan, management considered the Group's history of earnings, past experience, cash flow generation, and the impact of Covid-19 and climate change (note 2). Management also considered external sources of information pertaining to estimated growth of the relevant market, customer and consumer behaviours, competitor activity and developing trends in the industry in which the CGU operates in. Business sustaining capital expenditure and working capital requirements are estimated by assigning values to the investment required to support the estimated future profitability taking into account historic investment patterns and past experience. The cash flow projections exclude the impact of future development and acquisition activity.

No impairments relating to goodwill, brands and other intangibles, and software costs arose in either 2020 or 2019.

Sensitivity analysis

The key assumptions underlying the impairment reviews are set out above. Sensitivity analysis has been conducted in respect of each of the CGUs using the following sensitivity assumptions: 1% increase in the discount rate; 10% decrease in EBITDA growth; and nil terminal value growth.

From our sensitivity analysis, we have identified one CGU, the think! lifestyle business, where a reasonably possible change in the terminal value growth rate could result in an impairment charge. The recoverable amount of this CGU exceeds its carrying amount by €50.9 million. Terminal value growth of 2% would have to decrease by 175bps for the carrying amount to equal its recoverable amount. In view of Covid-19, as an additional analysis, the Group has increased the sensitivities over EBITDA growth in 2021 and 2022 (note 2). There is no change to the conclusion of the original sensitivity analysis.

17. Equity accounted investees

The Group's interests in equity accounted investees at the end of the reporting period is as follows:

	Notes	2020 €'m	2019 €'m
MWC-Southwest Holdings LLC	(a)	**122.7**	110.7
Glanbia Cheese Limited	(b)	**36.3**	40.1
Glanbia Cheese EU Limited	(c)	**22.5**	24.2
Glanbia Ireland DAC	(d)	**214.4**	198.2
Interests in joint ventures		**395.9**	373.2

The joint ventures have share capital, consisting solely of ordinary shares, membership interests or membership units and preference shares. Decisions about the relevant activities of the joint ventures require unanimous consent of the Group and the respective joint venture partners.

(a) MWC-Southwest Holdings LLC was established in 2018 to hold 100% of the ownership interest in Southwest Cheese Company, LLC ('Southwest Cheese') and MWC (Michigan) LLC. Consequently, the Group owns 50% of MWC-Southwest Holdings LLC and its two subsidiaries. The Group controls 50% of the voting rights and is entitled to appoint 50% of the total number of Directors to the Board. Southwest Cheese is a large scale manufacturer of premium quality block cheese and whey protein ingredients for consumer foods markets internationally. MWC will also be a large scale manufacturer of premium quality block cheese and whey protein ingredients for consumer foods markets internationally. The plant is currently being commissioned with full commissioning expected to be completed in the first half of 2021.

(b) Glanbia Cheese Limited is a leading European mozzarella producer. Its customers include most of the leading pizza and pasta chains, food service operators, industrial food manufacturers, wholesalers and retailers across Europe and internationally. The two plants (Magheralin and Llangefni) are strategically located in productive agricultural heartland which helps to ensure a secure and consistent supply of high-quality milk. The Group holds 51% of the share capital of Glanbia Cheese Limited but this entity is considered to be a joint venture as the Group does not have control of the company as along with its joint partner Leprino Foods Company it has equal representation on the Board of Directors, who directs the relevant activities of the business. The Group controls 50% of the voting rights and is entitled to appoint 50% of the total number of Directors to the Board.

(c) Glanbia Cheese EU Limited was established in 2018 and is a joint venture with Leprino Foods Company with each party owning 50% of the share capital of the company. The Group controls 50% of the voting rights and is entitled to appoint 50% of the total number of Directors to the Board. When operating, the company will be a producer of mozzarella cheese with a plant situated in Portlaoise, Ireland. It is expected to be fully commissioned in the first half of 2021.

(d) Glanbia Ireland DAC is the largest dairy and agribusiness in Ireland. It owns leading consumer and agri brands such as Avonmore, GAIN Animal Nutrition, Kilmeaden Cheese, Premier Milk, mymilkman.ie and Wexford Cheese. The Group holds 40% of the ordinary share capital of Glanbia Ireland DAC. However this entity is considered to be a joint venture of the Group as the business plan, which directs the relevant activities of the business, requires the unanimous approval of both the Group and Glanbia Co-operative Society Limited which holds the remaining 60% shareholding.

Refer to note 37 for further details of the joint ventures.

The movement in the equity accounted investees recognised in the Group balance sheet is as follows:

	Notes	2020 €'m	2019 €'m
At the beginning of the year		**373.2**	334.5
Investment in joint ventures		**6.6**	36.6
Share of profit after tax (post-exceptional)		**60.4**	48.6
Share of other comprehensive income			
– Remeasurements on defined benefit plan, net of deferred tax	24	**7.0**	(8.3)
– Fair value movement on cash flow hedges, net of deferred tax	23(d)	**(6.7)**	(10.0)
Dividends received	35	**(36.6)**	(35.3)
Income tax movement		**8.8**	2.7
IFRS 16 transition equity adjustment		**(1.7)**	–
Exchange differences		**(15.1)**	4.4
At the end of the year		**395.9**	373.2

Notes to the Financial Statements continued

17. Equity accounted investees continued

Summarised financial information for equity accounted investees

Set out below is the summarised financial information for the Group's equity accounted investees, which are accounted for using the equity method. The information below reflects the amounts presented in the financial statements of the equity accounted investees reconciled to the carrying value of the Group's interest in equity accounted investees.

2020	Notes	Glanbia Ireland DAC* €'m	Glanbia Cheese Limited €'m	Glanbia Cheese EU Limited €'m	MWC-Southwest Holdings LLC €'m
Summarised balance sheet (100%):					
Non-current assets		730.7	35.4	139.4	646.1
Current assets					
Cash and cash equivalents		66.6	35.0	14.6	65.6
Other current assets		425.5	49.7	3.6	154.1
		492.1	84.7	18.2	219.7
Non-current liabilities					
Financial liabilities		(227.8)	–	(96.5)	(442.2)
Other non-current liabilities		(177.9)	(5.0)	–	(32.7)
		(405.7)	(5.0)	(96.5)	(474.9)
Current liabilities					
Bank overdrafts and loans		(69.7)	–	–	–
Other current liabilities		(282.8)	(47.1)	(16.1)	(145.5)
		(352.5)	(47.1)	(16.1)	(145.5)
Net assets (100%)		464.6	68.0	45.0	245.4
Net assets attributable to equity holders of the Company		451.9	68.0	45.0	245.4
Reconciliation to carrying amount:					
Group's share of net assets		180.8	34.0	22.5	122.7
Adjustment in respect of unrealised profit on sales to the Group		(2.0)	–	–	–
Fair value adjustments on investment in Glanbia Ireland DAC		35.6	–	–	–
Dividend income receivable		–	2.3	–	–
Carrying amount		214.4	36.3	22.5	122.7
Summarised income statement (100%):					
Revenue		1,906.2	320.7	–	1,147.2
Depreciation		(39.9)	(0.1)	–	(18.8)
Amortisation		(2.1)	–	–	(0.1)
Interest (expense)/income		(11.7)	–	0.6	(9.5)
Tax		(8.9)	(5.1)	0.5	(20.3)
Profit after tax		60.0	19.7	(3.4)	53.8
Other comprehensive income		18.6	(1.5)	–	28.9
Total comprehensive income		78.6	18.2	(3.4)	82.7
Profit after tax attributable to equity holders of the Company		59.1	19.7	(3.4)	53.8
Total comprehensive income attributable to equity holders of the Company		77.6	18.2	(3.4)	82.7
Reconciliation to the Group's share of total comprehensive income:					
Group's share of total comprehensive income		31.0	9.1	(1.7)	41.4
Adjustment in respect of unrealised profit on sales to the Group		0.5	–	–	–
Amortisation of intangible assets recognised on the fair value adjustments		(1.1)	–	–	–
Dividends receivable by the Group		–	2.3	–	–
Group's share of total comprehensive income		30.4	11.4	(1.7)	41.4
Dividends received by Group	35	12.6	13.1	–	10.9

* The difference between the net assets and the net assets attributable to equity holders of the Company is the portion of net assets attributable to non-controlling interests.

2019	Notes	Glanbia Ireland DAC* €'m	Glanbia Cheese Limited €'m	Glanbia Cheese EU Limited €'m	MWC-Southwest Holdings LLC €'m
Summarised balance sheet (100%):					
Non-current assets		711.8	41.3	72.6	563.8
Current assets					
Cash and cash equivalents		47.9	46.5	8.3	11.4
Other current assets		421.3	44.5	2.0	140.3
		469.2	91.0	10.3	151.7
Non-current liabilities					
Financial liabilities		(274.0)	–	–	(312.2)
Other non-current liabilities		(176.7)	(6.0)	(24.3)	(17.2)
		(450.7)	(6.0)	(24.3)	(329.4)
Current liabilities					
Bank overdrafts and loans		(61.5)	–	–	–
Other current liabilities		(247.0)	(52.4)	(10.3)	(164.7)
		(308.5)	(52.4)	(10.3)	(164.7)
Net assets (100%)		421.8	73.9	48.3	221.4
Net assets attributable to equity holders of the Company		410.0	73.9	48.3	221.4
Reconciliation to carrying amount:					
Group's share of net assets		164.0	37.7	24.2	110.7
Adjustment in respect of unrealised profit on sales to the Group		(2.5)	–	–	–
Fair value adjustments on investment in Glanbia Ireland DAC		36.7	–	–	–
Dividend income receivable		–	2.4	–	–
Carrying amount		198.2	40.1	24.2	110.7
Summarised income statement (100%):					
Revenue		1,961.8	341.7	–	1,034.2
Depreciation		(30.4)	(5.0)	–	(19.0)
Amortisation		(2.7)	(0.2)	–	(0.1)
Interest (expense)/income		(11.9)	0.2	–	(11.2)
Tax		(9.4)	(7.1)	0.1	(8.2)
Profit after tax		62.8	26.6	(1.1)	21.7
Other comprehensive income		(22.5)	(1.0)	–	(17.6)
Total comprehensive income		40.3	25.6	(1.1)	4.1
Profit after tax attributable to equity holders of the Company		61.7	26.6	(1.1)	21.7
Total comprehensive income attributable to equity holders of the Company		39.3	25.6	(1.1)	4.1
Reconciliation to the Group's share of total comprehensive income:					
Group's share of total comprehensive income		15.7	13.1	(0.6)	2.1
Adjustment in respect of unrealised profit on sales to the Group		(1.3)	–	–	–
Amortisation of intangible assets recognised on the fair value adjustments		(1.1)	–	–	–
Dividends receivable by the Group		–	2.4	–	–
Group's share of total comprehensive income		13.3	15.5	(0.6)	2.1
Dividends received by Group	35	11.6	12.5	–	11.2

* The difference between the net assets and the net assets attributable to equity holders of the Company is the portion of net assets attributable to non-controlling interests.

Commitments and contingent liabilities in respect of equity accounted investees

As at 2 January 2021, the Group has committed to invest €4.1 million cash contributions in Glanbia Cheese EU Limited (2019: €10.0 million). No further investment is currently committed to MWC-Southwest Holdings LLC as at 2 January 2021 (2019: $7.5 million).

Notes to the Financial Statements continued

18. Other financial assets

Other financial assets comprise the following:

	Notes	2020 €'m	2019 €'m
Financial assets at amortised cost			
Ornua Co-operative Limited*	29(b)/29(f)	**0.4**	0.7
Equity instruments designated at FVOCI			
The BDO Development Capital Fund		**2.2**	2.1
Others		**0.6**	0.6
		3.2	3.4

* This is a loan note receivable from Ornua Co-operative Limited.

Other financial assets are classified as non-current assets, unless they are expected to be realised within 12 months of the reporting date or unless they will need to be sold to raise operating capital.

The movement in other financial assets is as follows:

	2020 €'m	2019 €'m
At the beginning of the year	**3.4**	3.7
Disposals/redemption	**(0.3)**	(0.5)
Fair value adjustment	**–**	(0.2)
Additions	**0.1**	0.4
At the end of the year	**3.2**	3.4

19. Trade and other receivables

Current assets	Notes	2020 €'m	2019 €'m
Trade receivables		**283.5**	389.6
Less: loss allowance	29(d)	**(11.2)**	(6.6)
Trade receivables – net		**272.3**	383.0
Receivables from equity accounted investees	35(c)	**7.2**	8.0
Receivables from other related parties	35(c)	**0.3**	0.2
Interest on loans to equity accounted investees	35	**0.1**	0.1
Value added tax		**11.2**	3.7
Prepayments		**14.4**	16.6
Other receivables		**13.7**	20.7
		319.2	432.3

See note 32(a) for analysis of the movement in trade and other receivables. Information in relation to the Group's credit risk and fair value estimation process is included in note 29.

The currency profile of trade and other receivables is as follows:

	euro €'m	US dollar €'m	Pound sterling €'m	Australian dollar €'m	Other €'m	Total €'m
At 2 January 2021	**38.8**	**249.6**	**16.3**	**2.0**	**12.5**	**319.2**
At 4 January 2020	43.8	334.9	30.6	3.1	19.9	432.3

Principal currencies in "other" include Indian Rupee and Chinese renminbi.

20. Inventories

	2020 €'m	2019 €'m
Raw materials	120.1	136.6
Work in progress	9.1	8.0
Finished goods	218.5	266.5
Consumables	29.9	36.4
	377.6	447.5

Recognition in the Group income statement:

	Notes	2020 €'m	2019 €'m
Cost of inventories recognised as an expense in Cost of Goods Sold	5	2,794.8	2,767.3
Write down of inventory to net realisable value during the year		28.1	26.1
Previous write downs of inventories reversed during the year*		(5.1)	(2.8)
		23.0	23.3

* Previous write downs have been reversed as a result of increased sales prices in certain markets.

21. Cash and cash equivalents

	Notes	2020 €'m	2019 €'m
Cash at bank and in hand		164.2	260.1
Short term bank deposits		0.1	8.9
Cash and cash equivalents in the Group balance sheet	29(e)	164.3	269.0
Bank overdrafts used for cash management purposes	25	(72.7)	(104.3)
Cash and cash equivalents in the Group statement of cash flows	25	91.6	164.7

22. Share capital and share premium

	Number of shares (thousands)	Ordinary shares €'m	Share premium €'m	Total €'m
At 4 January 2020	296,046	17.8	87.6	105.4
Cancellation of own shares	(1,644)	(0.1)	–	(0.1)
At 2 January 2021	294,402	17.7	87.6	105.3

The total authorised number of ordinary shares is 350 million shares (2019: 350 million shares) with a par value of €0.06 per share (2019: €0.06 per share). All issued shares are fully paid, carry one vote per share and a right to dividends. The rights and obligations of the ordinary shares and the restrictions on the transfer of shares and voting rights are provided in Other Statutory Information.

During the year ended 2 January 2021 there were no 2002 LTIP share options exercised (2019: nil). Details of share options and awards granted under the Long-term and Annual Incentive Schemes are provided in note 10 and in the Remuneration Committee Report on pages 96 to 117.

During 2020, 1.6 million ordinary shares were cancelled on the share buyback programme (note 23(f)). The amount paid to repurchase these shares was initially recognised in the own shares reserve and was transferred to retained earnings on cancellation.

Notes to the Financial Statements continued

23. Other reserves

	Capital reserve €'m note (a)	Merger reserve €'m note (b)	Currency reserve €'m note (c)	Hedging reserve €'m note (d)	Cost of hedging reserve €'m note (d)	FVOCI reserve €'m note (e)	Own shares €'m note (f)	Share-based payment reserve €'m note (g)	Total €'m
Balance at 5 January 2020	**2.8**	**113.1**	**170.7**	**(13.0)**	**–**	**(0.2)**	**(14.0)**	**9.7**	**269.1**
Currency translation differences	–	–	(146.9)	–	–	–	–	–	(146.9)
Net investment hedge	–	–	8.1	–	–	–	–	–	8.1
Revaluation – gross	–	–	–	(9.8)	0.5	–	–	–	(9.3)
Reclassification to profit or loss – gross	–	–	–	(0.2)	–	–	–	–	(0.2)
Reclassification to inventory – gross	–	–	–	–	(0.5)	–	–	–	(0.5)
Deferred tax	–	–	–	2.4	–	–	–	–	2.4
Net change in OCI	–	–	(138.8)	(7.6)	–	–	–	–	(146.4)
Purchase of own shares	–	–	–	–	–	–	(17.6)	–	(17.6)
Cancellation of own shares	0.1	–	–	–	–	–	16.6	–	16.7
Cost of share-based payments	–	–	–	–	–	–	–	5.2	5.2
Transfer on exercise, vesting or expiry of share-based payments	–	–	–	–	–	–	3.6	(4.6)	(1.0)
Balance at 2 January 2021	**2.9**	**113.1**	**31.9**	**(20.6)**	**–**	**(0.2)**	**(11.4)**	**10.3**	**126.0**
Balance at 30 December 2018	2.8	113.1	126.4	(1.0)	–	(0.1)	(14.4)	14.1	240.9
Currency translation differences	–	–	46.7	–	–	–	–	–	46.7
Net investment hedge	–	–	(2.4)	–	–	–	–	–	(2.4)
Revaluation – gross	–	–	–	(16.9)	–	(0.2)	–	–	(17.1)
Reclassification to profit or loss – gross	–	–	–	1.3	–	–	–	–	1.3
Deferred tax	–	–	–	3.6	–	0.1	–	–	3.7
Net change in OCI	–	–	44.3	(12.0)	–	(0.1)	–	–	32.2
Purchase of own shares	–	–	–	–	–	–	(7.6)	–	(7.6)
Cost of share-based payments	–	–	–	–	–	–	–	4.6	4.6
Transfer on exercise, vesting or expiry of share-based payments	–	–	–	–	–	–	8.0	(9.0)	(1.0)
Balance at 4 January 2020	2.8	113.1	170.7	(13.0)	–	(0.2)	(14.0)	9.7	269.1

(a) Capital reserve

The capital reserve comprises of a capital redemption reserve and a capital reserve which arose on the re-nominalisation of the Company's share capital on conversion to the euro. The reserve also includes €0.1 million undenominated share capital that arose on the cancellation of own shares in 2020.

(b) Merger reserve

The merger reserve arose on the merger of Waterford Foods plc now named Waterford Foods DAC and Avonmore Foods plc now named Glanbia plc in 1997. The merger reserve adjustment represents the difference between the nominal value of the issued share capital of Waterford Foods DAC and the fair value of the shares issued by Glanbia plc.

	€'m
Share premium representing excess of fair value over nominal value of ordinary shares issued in connection with the merger of Avonmore Foods plc and Waterford Foods plc	355.3
Merger reserve adjustment	(327.2)
Share premium and other reserves relating to nominal value of shares in Waterford Foods plc	85.0
At the beginning and end of the current and prior year	113.1

(c) Currency reserve

The currency reserve reflects the foreign exchange gains and losses arising from the translation of the net investment in foreign operations and on borrowings designated as hedges of the net investment which are taken to equity. The movement in US dollar foreign exchange rates from 1.1147 as at 4 January 2020 to 1.2271 as at 2 January 2021 is the primary driver of the movement in the currency reserve in the year. When an entity is disposed of the accumulated foreign currency gains and losses are recycled to the income statement.

(d) Hedging and cost of hedging reserve

Hedging reserve

The hedging reserve reflects the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges. Amounts accumulated in the hedging reserve are recycled to the income statement in the periods when the hedged item affects income or expense, or are included in the initial cost of a hedged non-financial item, depending on the hedged item. The hedging reserve also reflects the Group's share of the effective portion of changes in the fair value of derivatives that are entered into by the Group's equity accounted investees (note 29(a)).

The movements on the hedging reserve for the years ended 2 January 2021 and 4 January 2020 are as follows:

	Equity accounted investees €'m	Group €'m	Total hedging reserve €'m
Balance at 5 January 2020	**(10.9)**	**(2.1)**	**(13.0)**
Revaluation – gross			
– Foreign exchange contracts – gain/(loss) in year (currency risk)	**0.5**	**(1.1)**	**(0.6)**
– Commodity contracts – (loss)/gain in year (commodity price risk)	**(0.1)**	**0.1**	**–**
– Interest rate swaps – loss in year (interest rate risk)	**(8.8)**	**(0.4)**	**(9.2)**
Recognised in OCI	**(8.4)**	**(1.4)**	**(9.8)**
Reclassification to profit or loss – gross			
– Foreign exchange contracts – (gain)/loss in year (currency risk)	**(0.6)**	**0.5**	**(0.1)**
– Commodity contracts – gain in year (commodity price risk)	**–**	**(0.1)**	**(0.1)**
Reclassified from OCI to profit or loss	**(0.6)**	**0.4**	**(0.2)**
Deferred tax	**2.3**	**0.1**	**2.4**
Net change in OCI	**(6.7)**	**(0.9)**	**(7.6)**
Balance at 2 January 2021	**(17.6)**	**(3.0)**	**(20.6)**
Balance at 30 December 2018	(0.9)	(0.1)	(1.0)
Revaluation – gross			
– Foreign exchange contracts – loss in year (currency risk)	(0.7)	–	(0.7)
– Commodity contracts – loss in year (commodity price risk)	(0.1)	–	(0.1)
– Interest rate swaps – loss in year (interest rate risk)	(14.1)	(2.0)	(16.1)
Recognised in OCI	(14.9)	(2.0)	(16.9)
Reclassification to profit or loss – gross			
– Foreign exchange contracts – loss/(gain) in year (currency risk)	1.3	(0.3)	1.0
– Commodity contracts – loss in year (commodity price risk)	0.3	–	0.3
Reclassified from OCI to profit or loss	1.6	(0.3)	1.3
Deferred tax	3.3	0.3	3.6
Net change in OCI	(10.0)	(2.0)	(12.0)
Balance at 4 January 2020	(10.9)	(2.1)	(13.0)

Notes to the Financial Statements continued

23. Other reserves continued

Cost of hedging reserve

The cost of hedging reserve includes the effects of the changes in fair value of the time value of commodity options when only the intrinsic value of the options is designated as the hedging instrument. The recycled gain or loss relating to the time value of the option contracts is included within the initial cost of an asset where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory).

The movements on the cost of hedging reserve for the year ended 2 January 2021 (2019: nil) are as follows:

	Equity accounted investees €'m	Group €'m	Total hedging reserve €'m
Balance at 5 January 2020	**–**	**–**	**–**
Revaluation – gross (commodity price risk)	**–**	**0.5**	**0.5**
Reclassification to inventory – gross (commodity price risk)	**–**	**(0.5)**	**(0.5)**
Balance at 2 January 2021	**–**	**–**	**–**

(e) FVOCI reserve

Unrealised gains and losses arising from changes in the fair value of equity instruments measured at FVOCI are recognised in the FVOCI reserve. On derecognition of such an equity instrument, the accumulated balances of an instrument associated with it is reclassified to retained earnings.

(f) Own shares

The own shares reserve reflects the ordinary shares of Glanbia plc which are held in trust.

An Employee Share Trust was established in May 2002 to operate initially in connection with the Company's Saving Related Share Option Scheme and subsequently for the vesting of shares under the 2008 LTIP, 2018 LTIP and 2019 RSP (note 10). The Trustee of the Employee Share Trust is Computershare Trustees (Jersey) Limited, a Jersey based trustee services company. The dividend rights in respect of these shares have been waived, save 0.001 cent per share. An Employee Share Scheme Trust was established in April 2013 to operate in connection with the Company's AIDIS. The Trustee of the Employee Share Scheme Trust is Glanbia Management Services Limited. The dividend rights in respect of shares which have not vested have been waived.

In October 2020, the Group announced its intention to commence a share buyback programme of up to €50 million in total value in Glanbia plc ordinary shares. During 2020, the Group repurchased 1.6 million ordinary shares under the programme (2019: nil) which were subsequently cancelled (note 22).

The movement in own shares for the years ended 2 January 2021 and 4 January 2020 is as follows:

	2020			2019		
	Value €'m	**Nominal value €'m**	**Number of Shares**	Value €'m	Nominal value €'m	Number of Shares
At the beginning of the year	**14.0**	**0.1**	**820,302**	14.4	0.1	871,335
Purchased by Employee Share (Scheme) Trust	**1.0**	**–**	**103,709**	7.6	–	425,082
Purchased under share buyback	**16.6**	**0.1**	**1,643,907**	–	–	–
Allocated under Employee Share (Scheme) Trust	**(3.6)**	**–**	**(231,313)**	(8.0)	–	(476,115)
Cancelled under share buyback	**(16.6)**	**(0.1)**	**(1,643,907)**	–	–	–
At the end of the year	**11.4**	**0.1**	**692,698**	14.0	0.1	820,302

The shares purchased during the year and those held in trust are allocated to employees under the various share-based schemes. Shares purchased under the share buyback programme during 2020 were cancelled. The shares acquired during the year represented an insignificant amount of the total share capital at the beginning and end of the year. Shares purchased are deemed to be own shares in accordance with IAS 32 'Financial Instruments'. The own shares at 2 January 2021 restrict distributable profits by €11.4 million (2019: €14.0 million) and had a market value of €7.2 million (2019: €8.5 million).

(g) Share-based payment reserve

The share-based payment reserve reflects the equity settled share-based payment plans in operation by the Group (note 10).

24. Retained earnings

	Notes	2020 €'m	2019 €'m
At the beginning of the year		**1,327.4**	1,242.8
Effect of adoption of IFRS 16*		**(12.4)**	–
At the beginning of the year, after the effect of adoption of IFRS 16		**1,315.0**	1,242.8
Profit for the year		**143.8**	180.2
Other comprehensive income			
– Remeasurement on defined benefit plans	9	**8.8**	(14.6)
– Deferred tax on remeasurements on defined benefit plans	26	**(0.5)**	0.5
– Share of remeasurements on defined benefit plans from equity accounted investees, net of deferred tax	17	**7.0**	(8.3)
Net change in OCI		**15.3**	(22.4)
Dividends	14	**(78.6)**	(74.3)
Cancellation of own shares	23(f)	**(16.6)**	–
Transfer on exercise, vesting or expiry of share-based payments		**1.0**	1.0
Deferred tax on share-based payments	26	**0.6**	0.1
At the end of the year		**1,380.5**	1,327.4

* Includes the impact of deferred tax.

25. Borrowings

	Notes	2020 €'m	2019 €'m
Non-current			
Bank borrowings		**315.8**	374.3
Private placement debt		**142.6**	139.9
	29(b)	**458.4**	514.2
Current			
Bank borrowings		**–**	264.8
Private placement debt		**127.1**	–
Bank overdrafts	21	**72.7**	104.3
		199.8	369.1
Total borrowings	29(e)	**658.2**	883.3

At the year-end, the Group had multi-currency committed term facilities of €1.2 billion (2019: €1.2 billion) of which €647.8 million (2019: €353.4 million) were undrawn.

The maturity profile of borrowings, and undrawn committed and uncommitted facilities is as follows:

	2020			2019		
	Borrowings €'m	**Undrawn committed facilities €'m**	**Undrawn uncommitted facilities €'m**	Borrowings €'m	Undrawn committed facilities €'m	Undrawn uncommitted facilities €'m
12 months or less	**199.8**	**–**	**20.0**	369.1	53.8	12.4
Between 1 and 2 years	**–**	**–**	**–**	139.9	–	–
Between 2 and 5 years	**315.8**	**484.8**	**–**	374.3	299.6	–
More than 5 years	**142.6**	**163.0**	**–**	–	–	–
	658.2	**647.8**	**20.0**	883.3	353.4	12.4

The weighted average maturity of committed facilities is 4.4 years (2019: 2.8 years).

Notes to the Financial Statements continued

25. Borrowings continued

The currency profile of borrowings is as follows:

	euro €'m	US dollar €'m	Pound sterling €'m	Australian dollar €'m	Other €'m	Total €'m
At 2 January 2021	**169.2**	**471.5**	**11.3**	**0.3**	**5.9**	**658.2**
At 4 January 2020	265.4	602.0	6.8	3.6	5.5	883.3

Principal currencies in "other" include New Zealand dollar and Canadian dollar (2019: New Zealand dollar and Indian Rupee).

Bank borrowings

The Group has committed unsecured bank facilities maturing in 2024. They are borrowed at fixed and floating interest rates. At 2 January 2021, €137.7 million of bank borrowings denominated in USD are at fixed nominal interest rate of 3.30% (2019: €151.6 million at 3.30%). The remaining bank borrowings are subject to interest rate changes, taking into account of contractual repricing dates. Nominal interest rates of these borrowings range primarily from 0.28% – 1.34% (2019: 0.39% – 8.80%). The floating interest rates are set at commercial rates based on a margin over EURIBOR, US dollar LIBOR, Canadian dollar and Australian dollar interest rates for periods of up to six months.

Private placement debt

At 2 January 2021, €127.1 million (2019: €139.9 million) of private placement debt matures in June 2021, bears interest at a fixed 5.40% nominal interest rate and is denominated in USD. There was €142.6 million of an additional private placement debt facility which commenced in December 2020. It matures in December 2031, bears interest at fixed 2.75% nominal interest rate and is denominated in USD.

Bank overdrafts

Bank overdraft interest rates are variable and range from 0.35% – 1.25% (2019: 0.55% – 12.5%). At 2 January 2021, the Group had undrawn uncommitted bank overdraft facilities of €10.6 million (2019: €10.9 million).

Debt issue costs

Included within the carrying value of borrowings are deferred debt issue costs of nil (2019: €0.1 million), all of which were recognised in finance costs in the Group income statement using the effective interest rate method over the remaining life of the borrowings.

Guarantees

Financial liabilities are secured by cross-guarantees from Glanbia plc and certain principal subsidiary(ies). The Group has complied with the financial covenants of its borrowing facilities during 2020 and 2019 (note 29(c)).

Net debt is a non-IFRS measure which we provide to investors as we believe they find it useful. It is also used to calculate leverage under the Group's financing arrangements, as defined within covenants. Refer to the Financing Key Performance Indicators section in the Glossary for more details. Net debt comprises the following:

	Notes	2020 €'m	2019 €'m
Private placement debt		**269.7**	139.9
Bank borrowings		**137.7**	151.6
Not subject to interest rate changes*		**407.4**	291.5
Bank borrowings		**178.1**	487.5
Cash and cash equivalents net of bank overdrafts	21	**(91.6)**	(164.7)
Subject to interest rate changes*		**86.5**	322.8
	29(c)	**493.9**	614.3

* Taking into account of contractual repricing dates at the reporting date.

The movement in net debt is as follows:

	Notes	Cash and short-term bank deposits €'m (note 21)	Overdrafts €'m (note 21)	Borrowings €'m	Private placement debt €'m	Total €'m
At 5 January 2020		**(269.0)**	**104.3**	**639.1**	**139.9**	**614.3**
Drawdown of borrowings	33	**–**	**–**	**913.3**	**143.9**	**1,057.2**
Repayment of borrowings	33	**–**	**–**	**(1,222.0)**	**–**	**(1,222.0)**
Net change in cash and cash equivalents		**93.6**	**(31.4)**	**–**	**–**	**62.2**
Acquisitions	34	**–**	**–**	**12.2**	**–**	**12.2**
Exchange differences		**11.1**	**(0.2)**	**(26.8)**	**(14.1)**	**(30.0)**
At 2 January 2021		**(164.3)**	**72.7**	**315.8**	**269.7**	**493.9**
At 30 December 2018		(224.6)	48.9	616.2	136.2	576.7
Drawdown of borrowings	33	–	–	606.2	–	606.2
Repayment of borrowings	33	–	–	(599.9)	–	(599.9)
Net change in cash and cash equivalents		(36.2)	46.4	–	–	10.2
Acquisitions		(4.6)	8.8	6.4	–	10.6
Exchange differences		(3.6)	0.2	10.2	3.7	10.5
At 4 January 2020		(269.0)	104.3	639.1	139.9	614.3

26. Deferred taxes

Recognition in the Group balance sheet:

	2020			2019		
	Deferred tax assets €'m	Deferred tax liabilities €'m	Net €'m	Deferred tax assets €'m	Deferred tax liabilities €'m	Net €'m
Deferred tax assets/(liabilities) before set off	**29.7**	**(173.8)**	**(144.1)**	27.6	(194.3)	(166.7)
Set off of deferred tax	**(27.3)**	**27.3**	**–**	(25.7)	25.7	–
Deferred tax assets/(liabilities) after set off	**2.4**	**(146.5)**	**(144.1)**	1.9	(168.6)	(166.7)

The movement in the net deferred tax liability recognised in the Group balance sheet is as follows:

	Notes	2020 €'m	2019 €'m
At the beginning of the year		**(166.7)**	(158.2)
Income statement credit	12	**8.9**	0.3
Deferred tax (charge)/credit to other comprehensive income			
– on remeasurement of defined benefit plans	24	**(0.5)**	0.5
– on fair value movements		**0.1**	0.4
Deferred tax credit/(charge) to equity			
– on share-based payments	24	**0.6**	0.1
– on acquisition of subsidiaries	34	**(0.8)**	(0.5)
– on adoption of IFRS 16		**1.5**	–
Reclassification		**–**	(5.6)
Exchange differences		**12.8**	(3.7)
At the end of the year		**(144.1)**	(166.7)

Notes to the Financial Statements continued

26. Deferred taxes continued

The movement in deferred tax assets during the year is as follows:

	Retirement benefit obligations €'m	Other employee obligations €'m	Tax losses €'m	Other €'m	Total €'m
At 5 January 2020	**6.0**	**8.1**	**2.5**	**11.0**	**27.6**
Credit to income statement	**0.7**	**0.8**	**0.6**	**2.4**	**4.5**
Charge to other comprehensive income	**(0.5)**	**–**	**–**	**–**	**(0.5)**
Credit to equity	**–**	**0.6**	**–**	**–**	**0.6**
Exchange differences	**(0.7)**	**(0.7)**	**(0.1)**	**(1.0)**	**(2.5)**
At 2 January 2021	**5.5**	**8.8**	**3.0**	**12.4**	**29.7**
At 30 December 2018	5.0	9.3	2.8	12.2	29.3
Credit/(charge) to income statement	0.4	(1.5)	(0.4)	(1.5)	(3.0)
Credit to other comprehensive income	0.5	–	–	–	0.5
Credit to equity	–	0.1	–	–	0.1
Exchange differences	0.1	0.2	0.1	0.3	0.7
At 4 January 2020	6.0	8.1	2.5	11.0	27.6

The movement in deferred tax liabilities during the year is as follows:

	Accelerated tax depreciation €'m	Fair value gain €'m	Development costs and other intangibles €'m	Other €'m	Total €'m
At 5 January 2020	**(66.0)**	**0.4**	**(92.3)**	**(36.4)**	**(194.3)**
(Charge)/credit to income statement	**(1.9)**	**–**	**5.7**	**0.6**	**4.4**
Credit to other comprehensive income	**–**	**0.1**	**–**	**–**	**0.1**
Credit to equity	**1.5**	**–**	**–**	**–**	**1.5**
Acquisition of subsidiaries and intellectual properties	**(0.3)**	**–**	**(0.5)**	**–**	**(0.8)**
Exchange differences	**6.0**	**(0.1)**	**7.3**	**2.1**	**15.3**
At 2 January 2021	**(60.7)**	**0.4**	**(79.8)**	**(33.7)**	**(173.8)**
At 30 December 2018	(62.6)	–	(99.2)	(25.7)	(187.5)
(Charge)/credit to income statement	(1.8)	–	10.9	(5.8)	3.3
Credit to other comprehensive income	–	0.4	–	–	0.4
Acquisition of subsidiaries and intellectual properties	–	–	(1.4)	0.9	(0.5)
Reclassification	–	–	–	(5.6)	(5.6)
Exchange differences	(1.6)	–	(2.6)	(0.2)	(4.4)
At 4 January 2020	(66.0)	0.4	(92.3)	(36.4)	(194.3)

A deferred tax asset has been recognised on the basis that the realisation of the related tax benefit through future taxable profits is probable. This includes deferred tax assets which are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable.

At the balance sheet date, the Group has unused tax losses of €75.4 million (2019: €77.1 million) available for offset against future profits. A deferred tax asset has been recognised in respect of €3.0 million (2019: €2.5 million) of such losses. No deferred tax asset has been recognised in respect of the remaining €72.4 million (2019: €74.6 million) as it is not considered probable that there will be future taxable profits available. All tax losses may be carried forward indefinitely. Also included in unrecognised tax losses are €44.1 million (2019: €46.6 million) of capital losses.

No deferred tax liability has been recognised on temporary differences of €42.3 million (2019: €41.8 million) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Temporary differences arising in connection with interests in equity accounted investees are insignificant.

27. Provisions

	Restructuring €'m note (a)	Property and lease commitments €'m note (b)	Operational €'m note (c)	Total €'m
Balance at 5 January 2020 – current	0.9	2.1	0.6	3.6
Amount provided for in the year	4.8	5.0	1.4	11.2
Utilised in the year	(2.4)	(0.1)	–	(2.5)
Unused amounts reversed in the year	(0.7)	–	–	(0.7)
Unwinding of discount	–	0.1	–	0.1
Exchange differences	(0.1)	(0.3)	(0.1)	(0.5)
Balance at 2 January 2021	2.5	6.8	1.9	11.2
Non-current	–	3.3	–	3.3
Current	2.5	3.5	1.9	7.9
	2.5	6.8	1.9	11.2

(a) The restructuring provision relates mainly to a redundancy provision arising from the ongoing strategic review within the Glanbia Performance Nutrition segment. The provision at 2 January 2021 is expected to be settled within the next 12 months.

(b) The property and lease commitments provision relates to property remediation works and is based on the estimated cost of reinstating a property to its original condition. Due to the nature of the remediation works there is some uncertainty around the amount and timing of payments.

(c) The operational provision represents provisions relating to certain insurance claims and other items. Due to the nature of these items, there is some uncertainty around the amount and timing of payments.

28. Trade and other payables

	Notes	2020 €'m	2019 €'m
Current			
Trade payables		181.8	257.9
Amounts due to equity accounted investees	35(c)	78.5	91.6
Amounts due to other related parties	35(c)	–	0.1
Social security costs		4.8	4.5
Contingent consideration	29(b)/29(f)	17.4	–
Accrued expenses		159.1	158.4
		441.6	512.5
Non-current			
Other payables		–	12.5
Total		441.6	525.0

See note 32(a) for analysis of the movement in trade and other payables. See note 29(b) for information on the Group's fair value estimation process.

Other payables in 2019 related primarily to lease incentives on non-cancellable operating leases under IAS 17 and were amortised on a straight line basis over the lease term. The amount decreased in 2020 due to the adoption of IFRS 16 (note 2).

Notes to the Financial Statements continued

29. Derivative financial instruments and financial risk management

(a) Derivative financial instruments

	Notes	2020 Assets €'m	2020 Liabilities €'m	2019 Assets €'m	2019 Liabilities €'m
Cross currency swaps – fair value through income statement		**1.1**	**–**	0.3	–
Foreign exchange contracts – cash flow hedges (currency risk)		**0.2**	**(1.2)**	–	(0.4)
Interest rate swaps – cash flow hedges (interest rate risk)		**–**	**(2.5)**	–	(2.0)
Total		**1.3**	**(3.7)**	0.3	(2.4)
Non-current		**–**	**(2.5)**	–	(2.0)
Current		**1.3**	**(1.2)**	0.3	(0.4)
	29(e)/29(f)	**1.3**	**(3.7)**	0.3	(2.4)

Derivatives recognised at fair value through income statement

Included in cross currency swaps is a pound sterling euro cross currency swap with a notional amount of £80.0 million (2019: £60.0 million) and €87.9 million (2019: €70.2 million). The translation gain included in the Group income statement in respect of this swap is €1.1 million (2019: €0.3 million).

Hedge accounting

The Group enters into hedge relationships when there is an economic relationship between the hedged item and the hedging instrument. When the critical terms of the hedged item and hedging instrument are closely aligned for the prospective assessment of effectiveness, a qualitative assessment is performed. In instances where changes occur to the hedged item which result in the critical terms being no longer closely aligned, the Group uses the hypothetical derivative method to assess the ineffectiveness. A hedge ratio of one to one is established as the quantities of the hedged item and the hedging instrument used to hedge that hedged item are the same. Potential sources of ineffectiveness may include the timing and amounts of cash flows, and changes in credit risk of the hedging instruments or hedged items.

Derivative assets and liabilities designated as cash flow hedges

Foreign exchange contracts

The Group may use foreign exchange contracts to hedge its future cash flow risk from movements in foreign exchange rates on foreign denominated sales or purchases. Such contracts are generally designated as cash flow hedges. Weighted average hedged rate of foreign exchange contracts (including forward points) as at 2 January 2021 is 1 euro = 1.2160 US dollar (2019: 1 euro = 1.0925 US dollar).

The notional principal amounts of the outstanding foreign exchange contracts as at 2 January 2021 were €18.9 million (2019: €18.2 million). All outstanding foreign exchange contracts will mature and be released to the Group income statement within 12 months of the reporting date (2019: within 12 months of the reporting date).

Interest rate swaps

The Group may use floating to fixed interest rate swaps to hedge against its future cash flow risk from its exposure to variable rates on its long-term borrowings with floating rates. The notional principal amounts of the outstanding EURIBOR linked interest rate swaps designated as cash flow hedges affected by interest rate benchmark reform as at 2 January 2021 were €120.0 million (2019: €120.0 million). Weighted average hedged rate of interest rate swaps as at 2 January 2021 is 0.20% (2019: 0.20%). All outstanding interest rate swaps mature in 2023.

Commodity contracts

The Group may use commodity options to hedge its future cash flow risk from movement in milk prices. There were no outstanding commodity options contracts as at 2 January 2021 (2019: nil). All commodity options that were entered into during the period had expired as at the end of the reporting period.

(Loss)/gain recognised in other comprehensive income	Notes	2020 €'m	2019 €'m
Foreign exchange contracts	23(d)	**(1.1)**	–
Commodity contracts	23(d)	**0.1**	–
Interest rate swaps	23(d)	**(0.4)**	(2.0)
		(1.4)	(2.0)

Gain/(loss) transferred from cash flow hedge reserve to the Group income statement	Notes	2020 €'m	2019 €'m
Foreign exchange contracts	23(d)	**0.5**	(0.3)
Commodity contracts	23(d)	**(0.1)**	–
		0.4	(0.3)

The transferred amounts relating to foreign exchange and commodity contracts are recorded in the line item "Administration expenses" in the income statement and "Inventories" in the balance sheet respectively.

Gain transferred from cost of hedging reserve to the Group balance sheet	Notes	2020 €'m	2019 €'m
Commodity options	23(d)	**(0.5)**	–

The transferred amounts relating to commodity options are recorded in the line item "Inventories" in the balance sheet.

No material ineffectiveness has been recognised in respect of the cash flow hedges in 2020 (2019: nil). If ineffectiveness had been recognised, it would have been recorded in "Administration expenses" in the income statement.

Refer to note 23(d) for the balances in the cash flow hedge reserve and cost of hedging reserve. The maturity profile of the cash flows of the derivative financial instruments is included in note 29(d).

Derivative financial instruments entered into by equity accounted investees

The Group's equity accounted investees enter into interest rate swaps, commodity contracts (gas, oil, butter, whey and skim milk powder) and foreign exchange contracts. The Group's share of the movement in the derivative financial instruments designated as cash flow hedges is recognised in other comprehensive income and against the carrying value of the interest in equity accounted investees.

The movement recognised in other comprehensive income on interest rate swaps (note 23(d)) represents the Group's share of the movement in the interest rate swaps entered into by equity accounted investees. All movements are recognised against the carrying value of the interest in equity accounted investees until repayment of the related bank borrowings.

Net investment hedge

A portion of the Group's US dollar denominated borrowings (see note 25) with a nominal amount of US$98.5 million (2019: US$98.5 million) is designated as a hedge of a portion of the net investment in the Group's US dollar net assets amounting to US$98.5 million (2019: US$98.5 million). Therefore, hedge ratio is 1:1.

	Notes	2020 €'m	2019 €'m
Carrying value of net investment hedge		**80.3**	88.4
Gain/(loss) recognised in other comprehensive income	23	**8.1**	(2.4)

The borrowings of US$98.5 million is translated at year end exchange rate of 1 euro = 1.2271 US dollar (2019: 1 euro = 1.1147 US dollar) to arrive at carrying amount of €80.3 million (2019: €88.4 million). €3.9 million (2019: €12.0 million) of the currency reserve (see note 23) relates to the net investment hedge. There was no ineffectiveness recognised in the Group income statement during the year (2019: nil). If ineffectiveness had been recognised, it would have been recorded in "Administration expenses" in the income statement.

(b) Fair value and fair value estimation

Fair value of financial instruments measured at amortised cost

Except as detailed in the following table the Group deemed that the carrying amounts of financial instruments measured at amortised cost in the Group financial statements approximate their fair value due to their short term nature:

	Notes	Carrying amount 2020 €'m	Fair value 2020 €'m	Carrying amount 2019 €'m	Fair value 2019 €'m
Financial assets					
– Non-current loans to equity accounted investees	35	**31.8**	**32.1**	28.8	28.8
– Non-current financial asset at amortised cost – Ornua Co-Operative Limited	18	**0.4**	**0.4**	0.7	0.7
Financial liabilities					
– Non-current borrowings	25	**458.4**	**463.8**	514.2	523.6

Fair value is estimated by discounting future contractual cash flows using current market interest rates from observable interest rates at the end of the reporting period that are available to the Group for similar financial instruments (classified as level 2 in the fair value hierarchy).

Group's fair valuation process

The Group's finance department includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including Level 3 fair values. The valuation team reports directly to the Group Finance Director who in turn reports to the Audit Committee. Discussions of valuation processes and results are held between the Group Finance Director and the Audit Committee. Changes in Level 2 and Level 3 fair values are analysed at each reporting date. As part of this discussion, the valuation team presents a report that explains the reasons for fair value movements.

Notes to the Financial Statements continued

29. Derivative financial instruments and financial risk management continued

In accordance with IFRS 13 'Fair Value Measurements', the Group has disclosed the fair value of instruments by the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Fair value of financial instruments carried at fair value

The following table shows the fair values of financial instruments measured at fair value:

	Notes	Fair value hierarchy	2020 €'m	2019 €'m
Cross currency swaps – fair value through income statement	(a)	Level 2	**1.1**	0.3
Foreign exchange contracts – cash flow hedges	(b)	Level 2	**(1.0)**	(0.4)
Interest rate swaps – cash flow hedges	(c)	Level 2	**(2.5)**	(2.0)
Equity instrument designated at FVOCI – The BDO Development Capital Fund	(d)	Level 2	**2.2**	2.1
Contingent consideration	(e)	Level 3	**(17.4)**	–

(a) Fair value is determined by reference to the current foreign exchange rates at the end of the reporting period.
(b) Fair value is estimated by discounting the difference between the contractual forward exchange rates and the current forward exchange rates (from observable forward exchange rates at the end of the reporting period). The effect of discounting was insignificant in 2020 and 2019.
(c) Fair value is estimated by discounting the difference between the contractual interest rate swap rates and the current interest rate swap rates (from observable interest rate swap rates at the end of the reporting period). The effect of discounting was insignificant in 2020 and 2019.
(d) The investment in the BDO Development Capital Fund (note 18) is fair valued by reference to the latest quarterly report available to the limited partners.
(e) Refer to note 34 for a description of how the fair value of contingent consideration is estimated.

There were no transfers in either direction between Level 1 and Level 2 in 2020 and 2019. The Group did not hold any Level 3 financial assets or liabilities carried at FVTPL other than the contingent consideration at 2 January 2021 or 4 January 2020.

(c) Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern while maximising the returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the overall cost of capital. Total capital is calculated based on equity as shown in the balance sheet and net debt as follows:

	Notes	2020 €'m	2019 €'m
Equity		**1,611.8**	1,701.9
Net debt	25	**493.9**	614.3
Total capital		**2,105.7**	2,316.2

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to increase or reduce debt or buy back shares. Any material adjustments to the capital structure are approved by the Board of Directors. From time to time, the Group purchases its own shares on the market. These shares are primarily intended to be used for issuing shares under the Group's long-term and short-term incentive plans. Buy decisions are made on a specific transaction basis by the Employee Benefit Trusts.

The Board received approval for a share buyback programme at the Annual General Meeting on the 22 April 2020. Subsequently, in November 2020, the Group announced its intention to commence a share buyback programme of up to €50 million in total value in Glanbia plc ordinary shares. The purpose of the share buyback programme is to reduce the share capital of the Company. Any shares repurchased for this purpose will be cancelled. The programme will run from 9 November 2020 through to the conclusion of the Company's next Annual General Meeting, expected to be held in May 2021. The Board will seek approval for another share buyback programme at the Annual General Meeting on 6 May 2021.

The Group's key financing arrangements are: adjusted EBIT: net finance cost and net debt: adjusted EBITDA ratios, as defined within covenants.

At 2 January 2021 the Group's adjusted EBIT: net finance cost was 10.0 times (2019: 9.3 times) which is within the Group's financing covenants. Adjusted EBIT: net finance cost is calculated as pre-exceptional earnings before interest and tax plus dividends received from equity accounted investees divided by net finance cost. Net finance cost comprises finance costs less finance income per the Group income statement plus capitalised borrowing costs.

At 2 January 2021, the Group's net debt: adjusted EBITDA ratio was 1.70 times (2019: 1.71 times), which is deemed by management to be prudent and within the Group's financing covenants. Net debt: adjusted EBITDA is calculated as net debt at the end of the year divided by adjusted EBITDA. Net debt is calculated as total borrowings excluding debt issue costs less cash and cash equivalents. Adjusted EBITDA is calculated as pre-exceptional EBITDA for the wholly owned businesses plus dividends received from equity accounted investees, and, in the event of an acquisition in the year, includes pro-forma EBITDA as though the acquisition date had been at the beginning of the year.

The Group's capital position and information on the capital monitoring ratios are included in the monthly report issued to the Board of Directors. The Group has no externally imposed capital requirements. No changes were made in the objectives, policies or processes for capital management during 2020 and 2019.

(d) Financial risk management

The conduct of its ordinary business operations necessitates the Group holding financial instruments. The Group has exposure to the following risks arising from financial instruments: market risk comprising of currency risk, interest rate risk and price risk, liquidity risk and cash flow risk, and credit risk.

The Group does not enter into any financial instruments that give rise to a speculative position. The Group finances its operations by a mixture of retained profits, medium-term committed borrowings and undrawn uncommitted borrowings. The Group borrows in the major global debt markets in a range of currencies at both fixed and floating rates of interest, using derivatives where appropriate to generate the desired effective currency profile and interest rate basis. Risk management, other than credit risk management, is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's business units. The Board of Directors provides written principles for overall risk management, as well as, written policies covering specific areas such as foreign exchange risk, interest rate risk, price risk, liquidity and cash flow risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

There has been no significant change during the financial year or since the end of the year to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

Currency risk

Although the Group is based in Ireland with the euro as the functional currency of Glanbia plc, it has significant geographic investment and operating exposures outside the eurozone, primarily in the US. As a result, currency movements, particularly movements in the euro/US dollar exchange rate, can significantly affect the Group's euro balance sheet and income statement. Group Treasury monitors and manages these currency exposures on a continuous basis, using approved hedging strategies and appropriate currency derivative instruments.

Sensitivity analysis

The following table demonstrates the sensitivity of profit before tax and total equity to movements in the euro/US dollar exchange rate with all other variables held constant.

+/-5% change in euro/US dollar exchange rate	**2020 €'m**	2019 €'m
Impact on profit before tax*	**-/+7.4**	-/+9.0
Impact on total equity**	**-/+54.2**	-/+63.1

* The impact on profit before tax is based on changing the euro/US dollar exchange rate used in calculating profit before tax for the period.
** The impact on total equity is calculated by changing the euro/US dollar exchange rate used in measuring the closing balance sheet.

The Group is exposed to transactional foreign currency risk that arises from sales or purchases by an operating unit in currencies other than the operating unit's functional currency. Group companies are required to manage their foreign exchange risk against their functional currency and spot and forward exchange contracts are primarily used to hedge foreign exchange risk exposure on foreign currency denominated sales and purchases.

The notional principal amounts of the outstanding foreign exchange contracts as at 2 January 2021 were €18.9 million (2019: €18.2 million), which substantially covers the operating units currency exposure. Refer to note 29(a) for further details of the foreign exchange contracts.

Interest rate risk

The Group's objective is to minimise the impact of interest rate volatility on interest costs. This is achieved by determining a long-term strategy against a number of policy guidelines, which focus on (i) the amount of floating rate indebtedness anticipated over such a period and (ii) the consequent sensitivity of interest costs to interest rate movements on this indebtedness and the resultant impact on reported profitability. The Group borrows at both fixed and floating rates of interest and can use interest rate swaps to manage the Group's resulting exposure to interest rate fluctuations.

The Group's main interest rate risk arises from long-term borrowings with floating rates, due to the borrowings being periodically contractually repriced within 12 months from the reporting date. These borrowings expose the Group to cash flow interest rate risk.

Notes to the Financial Statements continued

29. Derivative financial instruments and financial risk management continued

Group policy is to maintain no more than one third of its projected debt exposure on a floating rate basis over any succeeding 12 month period with further minimum guidelines over the succeeding 24 and 36 month periods. The Group, on a continuous basis, monitors the level of fixed rate cover dependent on prevailing fixed market rates, projected debt and market informed interest rate outlook. Occasionally, the Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the effect of converting borrowings from floating rates to fixed rates. Under these interest rate swaps, the Group agrees with other parties to exchange at specified intervals, the difference between fixed interest rate amounts and floating interest rate amounts calculated by reference to the agreed notional amounts.

The exposure of the Group's borrowings subject to interest rate changes taking into account contractual repricing dates at the end of the reporting period is €178.1 million (2019: €487.5 million) (note 25). The Group fix a portion of the floating rate bank borrowings for 6 month periods in line with Group policies. See note 29(a) for the floating to fixed interest rate swaps entered into by the Group to hedge against this exposure. The Group does not hedge 100% of its floating rate loans, therefore the amount hedged is a proportion of the outstanding loans up to the notional amount of the swaps.

The Group enters into interest rate swaps that have similar critical terms as the hedged item. As all critical terms matched during the year, there is an economic relationship between the interest rate swaps (hedging instruments) and floating rate borrowings (hedged items).

Sensitivity analysis

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

The following table demonstrates the sensitivity of profit before tax and total equity if market interest rates had been 1% higher or lower with all other variables held constant:

+/-1% change in market interest rates	2020 €'m	2019 €'m
Impact on profit before tax	**-/+0.9**	-/+2.0
Impact on total equity	**-/+0.8**	-/+1.8

Price risk

Equity price risk

The Group's objective is to minimise the price risk the Group is exposed to because of equity instruments held by the Group (note 18). These equity instruments are classified in the Group balance sheet as FVOCI. To manage its price risk arising from these equity securities, the Group does not maintain a significant balance with any one equity. Diversification of the equity instruments held by the Group must be done in accordance with the limits set by the Group. The impact of a 5% increase or decrease in equity indices across the eurozone countries would not have any material impact on Group profit before tax or total equity.

Commodity price risk

Commodity price risk in the Group arises primarily from price fluctuations of commodities. The Group's objective is to minimise commodity price risk through entering into commodity options and future contracts for instance and the use of appropriate hedging strategies. The Group enters into forward purchase and forward sale agreements in the normal course of business. Certain of these contracts are deemed to be 'own use' as they were entered into in accordance with the Group's expected purchase, sale or usage requirements. The impact of a 5% increase or decrease in commodity prices (milk, cheese and gas) would not have any material impact on Group profit before tax or total equity.

Liquidity and cash flow risk

The Group's objective is to ensure that the Group does not encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

In order to preserve the continuity of funding, the Group's policy is that, at a minimum, committed facilities should be available at all times to meet the full extent of its anticipated finance requirements, arising in the ordinary course of business, during the succeeding 12 month period. Refer to note 25 for details of the Group's committed facilities.

When appropriate, surplus funds in the Group are transferred to Group Treasury through different methods including the repayment of borrowings, deposits and dividends. These are then lent to Group companies, contributed as equity to fund Group operations, used to repay external debt or invested externally. The Group does not use off-balance sheet special purpose entities as a source of liquidity or for other financing purposes.

The Group uses cash flow forecasts to constantly monitor the funding requirements of the Group. Compliance with the Group's financial covenants is monitored continually based on statutory and management accounts and financial projections. All covenants have been complied with in 2020 and 2019.

There is no significant concentration of liquidity risk.

Further analysis of the Group's debt covenants is included in the Group Finance Director's Review. For further details regarding the Group's borrowing facilities see note 25.

The table below analyses the Group's non-derivative financial liabilities and derivative financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows, into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year €'m	Between 1 and 2 years €'m	Between 2 and 5 years €'m	More than 5 years €'m	Total €'m
At 2 January 2021					
Non-derivative financial liabilities					
Borrowings	**221.3**	**18.4**	**350.6**	**182.4**	**772.7**
Trade payables, amounts due to equity accounted investees and contingent consideration	**277.7**	**–**	**–**	**–**	**277.7**
Lease liabilities	**18.0**	**14.7**	**38.6**	**51.1**	**122.4**
	517.0	**33.1**	**389.2**	**233.5**	**1,172.8**
Less future finance costs	**(23.7)**	**(20.4)**	**(39.3)**	**(43.3)**	**(126.7)**
	493.3	**12.7**	**349.9**	**190.2**	**1,046.1**
Derivative financial liabilities	**1.2**	**–**	**2.5**	**–**	**3.7**
At 4 January 2020					
Non-derivative financial liabilities					
Borrowings	397.1	157.9	403.6	–	958.6
Trade payables and amounts due to equity accounted investees	349.5	–	–	–	349.5
	746.6	157.9	403.6	–	1,308.1
Less future finance costs	(28.0)	(18.0)	(29.3)	–	(75.3)
	718.6	139.9	374.3	–	1,232.8
Derivative financial liabilities	0.4	–	2.0	–	2.4

Credit risk

The Group's objective is to minimise credit risk which is managed on a Group basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial transaction fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, credit exposures to customers, including outstanding receivables and committed transactions, and loans to equity accounted investees. Other financial assets (note 18) are not material and accordingly, loss allowance of ECL is not material.

Financial assets subject to credit risk are written off when there is no reasonable expectation of recovery such as debtor failing to engage in a repayment plan with a company. Subsequent recoveries of amounts written off are recognised in the Group income statement. The Group does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

Refer to note 2 for Covid-19 considerations relating to credit risk.

Cash and cash equivalents

In the international movement and placement of funds and execution of financial transactions, the risk of counterparty default is managed by the Group's policies requiring exposure to independently rated parties with long-term credit ratings of at least A3 (Moody's) or A– (Standard & Poor's). In the movement and placement of funds and execution of financial transactions in Ireland, the Group's policies accept exposure to independently rated parties with long-term credit ratings of at least Baa3 (Moody's) or BBB– (Standard & Poor's). The Group's cash and cash equivalents (note 21) at 2 January 2021 and 4 January 2020 were held within financial institutions which complied with Group policy. Accordingly, the Group considers its cash and cash equivalents to be of low credit risk and does not expect any expected credit loss in relation to them.

Trade receivables

The Group's credit risk management policy requires that, where possible, all debt is insured with an external credit insurance underwriter. Covid-19 had an effect on the availability of credit insurance which has resulted in higher credit risk. This heightened risk has been managed closely by the Group, with a strong focus on tighter cash collection and credit terms. No goods may be dispatched to a customer on credit until the application for credit has been authorised. The Group's authorisation review includes external credit agency reports, the trading and financial history and position of the customer, the business case, the country in which the customer operates and any other available information. The utilisation of credit limits is actively managed and reviewed formally on an annual basis. Where the extension of credit is not appropriate, payment in advance is required. No goods are dispatched on credit until the credit controller has authorised the application confirming all necessary procedures have been complied with. Outstanding customer balances are regularly monitored and a review for indicators of impairment (evidence of financial difficulty of the customer, payment default, breach of contract etc.) is carried out at each reporting date.

Notes to the Financial Statements continued

29. Derivative financial instruments and financial risk management continued

Goods are sold primarily subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. Where required, the Group holds appropriate security or liens in respect of trade and other receivables. The Group does not hold any significant security or liens at the end of the year.

See note 19 for the carrying amount of the Group's trade and other receivables.

At the end of the reporting period, the Group derecognised €33.7 million of certain trade receivables related to one customer through the use of a limited receivables sale programme (2019: nil). This programme was entered into to partially mitigate but not fully offset an increase in credit terms relating to these trade receivables during the period. Under this programme, the Group has the option to sell certain trade receivable invoices to a third party financial institution. This third party may accept this offer for sale by way of a non-recourse payment to the Group (for face value of the receivables net of transaction fees), upon which the Group no longer retains any risks and rewards in the receivables sold, resulting in the derecognition of these receivables from the Group balance sheet. The proceeds from these sales of receivables are included in cash from operating activities in the Group statement of cash flows. The fair value of the receivables equals to its amortised cost as they are transferred at the face value of the trade receivable invoices.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, historical loss rates of operating units are calculated based on their recent historical credit loss experience and applied to the operating units trade receivables at the reporting date. The loss allowance is estimated based on historical loss rules and adjusted where appropriate to reflect current information and forward-looking information on macroeconomic factors which affect the ability of the debtors to settle the receivables. The increase in loss allowance recognised during the year reflect current and forward-looking information including the effects of Covid-19 on the trading environment in which the Group sells its goods.

The movement in the expected credit loss allowance for trade receivables is as follows:

	Notes	2020 €'m	2019 €'m
At the beginning of the year		**6.6**	4.7
Exchange differences		**(0.6)**	0.1
Increase in loss allowance recognised during the year		**9.1**	5.1
Receivables written off during the year as uncollectible		**(2.0)**	(2.3)
Unused amounts reversed		**(1.9)**	(1.0)
At the end of the year	19	**11.2**	6.6

The net movement in the loss allowance has been included within the Group income statement.

Trade receivables amounted to €283.5 million at 2 January 2021 (2019: €389.6 million) (note 19). Receivable balances that are neither past due nor impaired amounted to €259.8 million (2019: €342.0 million). Past due information is reported to key management personnel for credit risk management purposes. At 2 January 2021, trade receivables of €23.7 million (2019: €47.6 million) were past due and analysed as follows:

	2020 €'m	2019 €'m
Past due		
Less than 30 days	**16.4**	24.7
1 to 3 months	**2.5**	11.2
4 to 6 months	**0.8**	4.3
Over 6 months	**4.0**	7.4
	23.7	47.6
Less expected credit loss allowance	**(11.2)**	(6.6)
Total	**12.5**	41.0

Loans to equity accounted investees

The Group advanced interest bearing loans to its joint ventures for the purposes of funding capital expenditure. See note 35 for details of the loans. The loans receivable are considered to have low credit risk as there is a low risk of default and the joint ventures are expected to meet their contractual cash flow obligations in the near term. The Group considers information such as cash flow forecasts of the joint ventures to determine whether they have the ability to repay the intercompany loans. Management does not expect significant adverse changes in economic and business conditions which would reduce the ability of the joint ventures to repay the intercompany loans. Consequently, the Group has determined that the loans are of low credit risk.

Where a loan is considered not to have low credit risk at the reporting date and to assess whether there is a significant increase in credit risk of the loan since initial recognition, the Group considers information such as actual or expected significant adverse changes in economic or business conditions that are expected to cause a significant change in a joint venture's ability to meet its obligations, and significant increases in credit risk on other financial instruments of the joint venture. A loan would be considered to be in default if a joint venture did not make contractual repayments within 90 days after they fell due unless evidenced otherwise. Evidence that an intercompany loan is credit-impaired would include information such as significant financial difficulty of the joint venture, or the probability that the joint venture will enter bankruptcy.

In calculating the expected credit loss rates, the Group considers historical loss rate on its loans advanced to the joint ventures, internal credit rating of the joint ventures based on experience of Group Treasury and recent pricing provided by external credit providers and adjusts for forward-looking macroeconomic data. There were no historical losses for loans advanced to the joint ventures and internal credit rating of the joint ventures is considered to be about investment grade. Expected credit loss allowance is accordingly not material.

(e) Offsetting financial assets and financial liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting arrangements. In relation to certain deposits, the Group was required to maintain cash on deposit in respect of certain borrowings which were repaid during 2020. The Group and the lender intended to net settle or realise the asset and settle the liability simultaneously, and the Group had a legally enforceable right to offset recognised amounts which was not conditional on the occurrence of a future event. As a result, the Group's borrowings at 4 January 2020 were presented net of these deposits as the requirements for offsetting were met.

The following tables set out the carrying amounts of recognised financial instruments that are subject to the above agreements:

Financial assets	Notes	Gross amounts of recognised financial assets €'m	Gross amounts of recognised financial liabilities offset in the balance sheet €'m	Net amounts of financial assets presented in the balance sheet €'m
At 2 January 2021				
Derivative financial assets	29(a)	**1.3**	**–**	**1.3**
Cash and cash equivalents	21	**164.3**	**–**	**164.3**
At 4 January 2020				
Derivative financial assets	29(a)	0.3	–	0.3
Cash and cash equivalents	21	381.1	(112.1)	269.0

Financial liabilities	Notes	Gross amounts of recognised financial liabilities €'m	Gross amounts of recognised financial assets offset in the balance sheet €'m	Net amounts of financial liabilities presented in the balance sheet €'m
At 2 January 2021				
Derivative financial liabilities	29(a)	**(3.7)**	**–**	**(3.7)**
Borrowings including bank overdrafts	25	**(658.2)**	**–**	**(658.2)**
At 4 January 2020				
Derivative financial liabilities	29(a)	(2.4)	–	(2.4)
Borrowings including bank overdrafts	25	(995.4)	112.1	(883.3)

Notes to the Financial Statements continued

29. Derivative financial instruments and financial risk management continued

(f) Carrying amounts of financial instruments

	Notes	2020 €'m	2019 €'m
Financial assets measured at amortised cost			
Trade receivables and receivables from related parties		**279.9**	391.3
Loans to equity accounted investees	35	**31.8**	28.8
Ornua Co-operative Limited	18	**0.4**	0.7
		312.1	420.8
Financial liabilities measured at amortised cost			
Borrowings	25	**(658.2)**	(883.3)
Trade payables and amounts due to related parties		**(260.3)**	(349.6)
Lease liabilities		**(110.2)**	–
		(1,028.7)	(1,232.9)
Equity instruments designated at FVOCI		**2.8**	2.7
Financial assets measured at FVTPL – derivatives	29(a)	**1.3**	0.3
Financial liabilities measured at FVTPL – derivatives	29(a)	**(3.7)**	(2.4)
Contingent consideration	28	**(17.4)**	–

30. Contingent liabilities

Bank guarantees amounting to €4.4 million (2019: €4.7 million) are outstanding at 2 January 2021. The Group does not expect any material loss to arise from these guarantees. The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business and a matter on the settlement of value added tax. It is not anticipated that any material liability will arise from these contingent liabilities other than those provided for.

Any Irish registered wholly-owned subsidiary of the Company may avail of the exemption from filing its statutory financial statements for the year ended 2 January 2021 as permitted by section 357 of the Companies Act 2014 and if an Irish registered wholly-owned subsidiary of the Company elects to avail of this exemption, there will be in force an irrevocable guarantee from the Company in respect of all commitments entered into by such wholly-owned subsidiary, including amounts shown as liabilities (within the meaning of section 357 (1) (b) of the Companies Act 2014) in such wholly-owned subsidiary's statutory financial statements for the year ended 2 January 2021.

Within the scope of benefitting from the exemption related to the filing of the statutory financial statements for the financial year ended 31 December 2020 of Glanbia Foods B.V. (see note 37), the Company has guaranteed the liabilities ensuing from legal acts performed by this subsidiary from 1 January 2020 in accordance with and to the extent as set out in section 2:403.1(b and f) of the Dutch Civil Code. Therefore Glanbia Foods B.V. is exempt from the obligation to publish its statutory financial statements and its obligations to file statutory financial statements has been fulfilled by means of the publication of the declaration of consent and the declaration of liability.

Within the scope of benefitting from the exemption related to the filing of the statutory financial statements for the financial year ended 31 December 2020 of the three Luxembourg subsidiaries (see note 37), the Company has guaranteed the liabilities of these subsidiaries in respect of any losses or liabilities (as provided by Article 70 (c) of the Luxembourg Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings) for the financial year ended on 31 December 2020. These subsidiaries avail of the exemption from filing of their statutory financial statements, as permitted by Article 70 of the Luxembourg Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings.

31. Leasing

The movement in right-of-use assets during the year is as follows:

	Notes	Land and buildings €'m	Plant and equipment €'m	Motor vehicles €'m	Total €'m
Year ended 2 January 2021					
Opening carrying amount		–	–	–	–
Effect of adopting IFRS 16		97.9	5.2	3.3	106.4
Exchange differences		(7.3)	(0.4)	(0.3)	(8.0)
Acquisitions	34	0.6	–	–	0.6
Additions		11.9	2.6	1.9	16.4
Disposals		(4.4)	(1.3)	(0.2)	(5.9)
Impairment	5	(1.0)	–	–	(1.0)
Depreciation charge	5/32	(13.7)	(2.7)	(1.6)	(18.0)
Closing carrying amount		84.0	3.4	3.1	90.5
At 2 January 2021					
Cost		97.5	5.6	4.6	107.7
Accumulated depreciation		(13.5)	(2.2)	(1.5)	(17.2)
Carrying amount		84.0	3.4	3.1	90.5

Lease liabilities shown in the Group balance sheet are as follows:

	2020 €'m
Current	15.8
Non-current	94.4
Total	110.2

Refer to note 29(d) for a maturity analysis of the lease liabilities arising from the Group's leasing activities.

Amounts recognised in the Group income statement included the following:

	Notes	2020 €'m
Depreciation charge of right-of-use assets	5	18.0
Impairment of right-of-use assets	5	1.0
Interest expense on lease liabilities	11	2.8
Expense relating to short-term leases		2.4
Expense relating to variable lease payments not included in lease liabilities		0.5

There was no income from subleasing and gains/losses on sale and leaseback transactions. The total cash outflow for lease payments during the year was €21.9 million. At 2 January 2021, the Group was committed to €1.0 million for short-term leases.

Certain building leases contain extension options exercisable by the Group. As at 2 January 2021, undiscounted potential future lease payments of €90.0 million have not been included in lease liabilities because it is not reasonably certain that the extension options, €77.1 million of which relate to periods more than five years from the reporting date, will be availed of. The undiscounted future lease payments relating to leases that have not yet commenced which the Group is committed as at 2 January 2021 were not material. The effect of excluding future cash outflows arising from variable lease payments, termination options, and residual value guarantees from lease liabilities is not material for the Group.

Notes to the Financial Statements continued

32. Cash generated from operating activities

	Notes	2020 €'m	2019 €'m
Profit after taxation		**143.8**	180.2
Income taxes	12	**10.3**	18.9
Net write down of inventories (pre-exceptional)		**23.0**	5.3
Non-cash movement in allowance for impairment of receivables		**5.2**	1.8
Non-cash element of exceptional charge before taxation		**12.2**	27.1
Non-cash movement in provisions (pre-exceptional)		**3.3**	(0.9)
Non-cash movement on cross currency swaps		**(0.7)**	0.8
Non-cash movement on disposal of leases		**(0.7)**	–
Share of results of equity accounted investees (pre-exceptional)		**(61.6)**	(48.6)
Depreciation of tangible assets	15	**45.9**	48.1
Amortisation of intangible assets	16	**60.9**	60.9
Depreciation of right-of-use assets	31	**18.0**	–
Cost of share-based payments	10/23	**5.2**	4.6
Difference between pension charge and cash contributions		**(7.2)**	(7.6)
Loss on disposal of property, plant and equipment (pre-exceptional)	5	**0.8**	0.2
Finance income	11	**(4.1)**	(6.2)
Finance expense	11	**24.6**	32.5
Operating cash flows before movement in working capital		**278.9**	317.1
Decrease/(increase) in inventories	(a)	**18.7**	(61.4)
Decrease in short-term receivables	(a)	**80.7**	1.4
(Decrease)/increase in short-term liabilities	(a)	**(55.9)**	31.3
Decrease in provisions	(a)	**(2.5)**	(2.5)
Cash generated from operating activities		**319.9**	285.9

(a) The movement in working capital is as follows:

2020	Inventories €'m (note 20)	Trade and other receivables €'m (note 19)	Trade and other payables €'m (note 28)	Provisions €'m (note 27)	Total €'m
At 5 January 2020	**447.5**	**432.3**	**(525.0)**	**(3.6)**	**351.2**
Exchange differences	**(31.3)**	**(29.8)**	**35.8**	**0.2**	**(25.1)**
Arising on acquisition (note 34)	**3.2**	**3.2**	**(5.5)**	**–**	**0.9**
Loans/amounts payable to equity accounted investees, interest accruals, capital creditors and other non-operating items	**(23.1)**	**(5.8)**	**(2.8)**	**(10.3)**	**(42.0)**
Increase/(decrease) in working capital	**(18.7)**	**(80.7)**	**55.9**	**2.5**	**(41.0)**
At 2 January 2021	**377.6**	**319.2**	**(441.6)**	**(11.2)**	**244.0**

2019					
At 30 December 2018	384.6	411.6	(481.4)	(28.2)	286.6
Exchange differences	9.5	10.8	(10.7)	(0.1)	9.5
Arising on acquisition	15.3	10.5	(9.1)	–	16.7
Reclassification	–	–	(0.7)	22.8	22.1
Loans/amounts payable to equity accounted investees, interest accruals, capital creditors and other non-operating items	(23.3)	0.8	8.2	(0.6)	(14.9)
Increase/(decrease) in working capital	61.4	(1.4)	(31.3)	2.5	31.2
At 4 January 2020	447.5	432.3	(525.0)	(3.6)	351.2

33. Changes in liabilities arising from financing activities

	Notes	Borrowings €'m	Private Placement Debt €'m	Lease liabilities €'m	Total €'m
At 5 January 2020		**639.1**	**139.9**	**–**	**779.0**
Drawdown of borrowings	25	**913.3**	**143.9**	**–**	**1,057.2**
Repayment of borrowings	25	**(1,222.0)**	**–**	**–**	**(1,222.0)**
Leases		**–**	**–**	**128.8**	**128.8**
Payment of lease liabilities		**–**	**–**	**(19.2)**	**(19.2)**
Acquisitions	34	**12.2**	**–**	**0.6**	**12.8**
Exchange differences		**(26.8)**	**(14.1)**	**–**	**(40.9)**
At 2 January 2021		**315.8**	**269.7**	**110.2**	**695.7**
At 30 December 2018		616.2	136.2	–	752.4
Drawdown of borrowings	25	606.2	–	–	606.2
Repayment of borrowings	25	(599.9)	–	–	(599.9)
Acquisitions		6.4	–	–	6.4
Exchange differences		10.2	3.7	–	13.9
				–	
At 4 January 2020		639.1	139.9	–	779.0

34. Business combinations

Acquisitions in 2020

On 17 August 2020, the Group acquired 100% of the voting shares of Foodarom Group Inc., Foodarom USA, Inc. and Foodarom Germany GmbH (collectively known as 'Foodarom'). Foodarom is a Canadian headquartered flavour solutions business, which is a complementary acquisition for the Group and forms part of the Glanbia Nutritionals segment. The acquisition will strengthen the Group's capability in flavours and nutritional solutions, growing position in flavours, and enhance its ability to provide optimised ingredient systems to its customers. The goodwill relates to the acquired workforce, the expectation that the business will give rise to synergies across the Glanbia Nutritionals segment, will generate future sales beyond the existing customer base, as well as the opportunity to expand the business into new markets, where there are no existing customers, and further complements the recipes and know-how across the Glanbia Nutritionals segment. Goodwill of €10.5 million is not deductible for tax purposes.

Details of the net assets acquired and goodwill arising from the acquisition are as follows:

	Notes	Total €'m
Purchase consideration – cash paid		**21.9**
Contingent consideration		**18.0**
Total consideration		**39.9**
Less: Fair value of net assets acquired		**(16.9)**
Goodwill	16	**23.0**

The fair value of assets and liabilities arising from the acquisition are as follows:

	Notes	Total €'m
Property, plant and equipment	15	**7.0**
Right-of-use assets	31	**0.6**
Software	16	**0.2**
Intangible assets – brands	16	**4.6**
Intangible assets – customer relationships	16	**3.3**
Intangible assets – recipes and know-how	16	**13.9**
Inventories	32(a)	**3.2**
Trade and other receivables	32(a)	**3.2**
Trade and other payables	32(a)	**(5.5)**
Loans	25/33	**(12.2)**
Lease liabilities	31/33	**(0.6)**
Deferred tax liabilities	26	**(0.8)**
Fair value of net assets acquired		**16.9**

Notes to the Financial Statements continued

34. Business combinations continued

The contingent consideration arrangement requires the Group to pay the former owners of Foodarom an earnout if a pre-defined earnings threshold is exceeded within a defined period post acquisition. Under the acquisition agreement, the undiscounted amount of future payments for which the Group may be liable ranges from nil to €18.0 million.

The fair value of the contingent consideration was estimated by calculating the present value of the future expected payments. As the contingent consideration is due to be paid within 12 months, the effect of discounting is not material. The main significant unobservable input in the calculation is the forecast EBITDA of Foodarom over the relevant period. As it is deemed highly probable that the higher end of the EBITDA range will be met, the Group have assumed that the upper limit of the earnout will be payable. A 5% increase in the forecast EBITDA would not change the fair value of the contingent consideration. A 5% decrease in forecast EBITDA would result in a decrease in fair value of the contingent consideration by €2.8 million.

The fair value of Foodarom's trade and other receivables at the acquisition date amounted to €3.2 million. The gross contractual amount for receivables due is €3.2 million which is expected to be received in full. Acquisition-related costs of €1.6 million incurred primarily on professional fees are included in administrative expenses.

Combined impact of acquisitions

The revenue and profit before taxation and exceptional items of the Group, including the post acquisition impact of acquisitions completed during the year ended 2 January 2021, were as follows:

	2020 Acquisitions €'m	Group excluding acquisitions €'m	Consolidated group including acquisitions €'m
Revenue	9.9	3,813.2	3,823.1
Profit before taxation	0.8	189.0	189.8

The revenue and profit before taxation and exceptional items of the Group for the year ended 2 January 2021 determined in accordance with IFRS 3 as though the acquisition date for all business combinations effected during the year had been at the beginning of the year would be as follows:

	2020 Acquisitions €'m	Group excluding acquisitions €'m	Pro-forma consolidated group €'m
Revenue	24.7	3,813.2	3,837.9
Profit before taxation	0.9	189.0	189.9

Acquisitions in 2019

The Group acquired Watson LLC and Polymer Films LLC (collectively known as 'Watson') in 2019. Refer to 2019 Annual Report for details of the Watson acquisition.

35. Related party transactions

Related parties of the Group include Glanbia Co-operative Society Limited (the Group's ultimate parent up to 30 June 2020), subsidiary undertakings, equity accounted investees, key management personnel and connected parties. A listing of the principal subsidiaries and equity accounted investees is provided in note 37.

Transactions with Glanbia Co-operative Society Limited

Glanbia Co-operative Society Limited (the 'Society'), together with its subsidiaries, holds 31.7% (2019: 31.5%) of the issued share capital of the Company. The Board of Directors as at 4 January 2020 was comprised of 16 members, of which up to eight, including the Chairman who had the casting vote, were nominated by the Society. In accordance with IFRS 10 'Consolidated Financial Statements', the Society controlled the Group and was the ultimate parent of the Group up to 30 June 2020. From 1 July 2020 in accordance with the Relationship Agreement between Society and the Company, the number of directors that can be nominated by the Society reduced to seven in a board comprising of 15 members. Thereafter the Society no longer controlled the Group, and the Company became the ultimate parent company of the Group.

During 2020, dividends of €24.8* million (2019: €23.5 million) were paid to the Society and its wholly owned subsidiaries based on their shareholding in Glanbia plc. Dividends of €0.1** million (2019: €0.1 million) were received during the period from the Society by a subsidiary society of the Group. The Group provides a range of management and administrative services to the Society and is headquartered in a premises owned by the Society.

* €14.9 million of this amount pertained to the period ended 30 June 2020 when the Society was the ultimate parent of the Group.
** €nil million of this amount pertained to the period ended 30 June 2020 when the Society was the ultimate parent of the Group.

Transactions with equity accounted investees
The Group trades in the normal course of business with its equity accounted investees. Refer to note 35(a) to (c) for the transactions carried out with them and the balances relating to them at year end. The Group provides management and administrative services to its equity accounted investees, which are settled in cash. Dividends received by the Group from its equity accounted investees are as follows:

Entity	Nature of investment	Notes	2020 €'m	2019 €'m
Glanbia Ireland DAC	Joint venture	17	**12.6**	11.6
Glanbia Cheese Limited	Joint venture	17	**13.1**	12.5
Southwest Cheese Company, LLC	Joint venture	17	**10.9**	11.2
		17	**36.6**	35.3

Dividends receivable from Glanbia Cheese Limited (joint venture) of €2.3 million (2019: €2.4 million) were recognised by the Group.

Loans to equity accounted investees

	Notes	2020 €'m	2019 €'m
Loans to equity accounted investees			
At the beginning of the year		**28.8**	29.8
Loan repayments received		**–**	(1.0)
Loans advanced during the year		**3.0**	–
At the end of the year	29(b)/29(f)	**31.8**	28.8
Interest on loans to equity accounted investees			
At the beginning of the year		**0.1**	0.1
Interest charged	11	**1.3**	1.3
Interest received		**(1.3)**	(1.3)
At the end of the year	19	**0.1**	0.1
Total loans and interest at the end of the year		**31.9**	28.9

On 16 December 2020 the Group advanced a loan of €3.0 million at arm's length to Glanbia Cheese EU Limited, a joint venture of the Group, which is repayable on 27 December 2024. During 2018 the Group advanced a loan of €16.0 million at arm's length to Glanbia Ireland DAC, a joint venture of the Group, which is repayable on 6 August 2024 and a loan of €1.0 million at arm's length to Glanbia Cheese EU Limited, a joint venture of the Group, which was repaid during 2019. On 21 January 2016 a subordinated loan of €12.8 million was advanced to Glanbia Ireland DAC, a joint venture of the Group, which is repayable on 6 August 2024.

The following transactions were carried out with related parties:

(a) Sales of goods and services

	2020 €'m	2019 €'m
Sales of goods:		
– joint ventures	**0.6**	0.4
Sales of services:		
– Glanbia Co-operative Society Limited*	**2.2**	2.4
– joint ventures	**37.8**	38.9

* There were €1.1 million of sales of goods and services during the period ended 30 June 2020 when the Society was the ultimate parent of the Group.

Sales to related parties were carried out under normal commercial terms and conditions.

Notes to the Financial Statements continued

35. Related party transactions continued

(b) Purchases of goods and services

	2020 €'m	2019 €'m
Purchases of goods:		
– joint ventures	**1,191.0**	1,077.9
Purchases of services:		
– Glanbia Co-operative Society Limited*	**0.3**	0.3
– joint ventures	**0.2**	0.7

* There were €0.1 million of purchases of goods and services during the period ended 30 June 2020 when the Society was the ultimate parent of the Group.

Purchases from related parties were carried out under normal commercial terms and conditions.

(c) Year end balances (excluding loans)

	Notes	2020 €'m	2019 €'m
Receivables from related parties:			
– Glanbia Co-operative Society Limited	19	**0.3**	0.2
– joint ventures	19	**7.2**	8.0
Payables to related parties:			
– Glanbia Co-operative Society Limited	28	**–**	0.1
– joint ventures	28	**78.5**	91.6

The outstanding balances included in receivables and payables at the balance sheet date in respect of transactions with related parties are unsecured, interest free and settlement arises in cash. No guarantees have been given or received. All outstanding balances are deemed to be fully recoverable by the Group.

(d) Contributions to retirement benefit plans

Information in relation to the Group's contributions to retirement benefit plans is disclosed in note 9.

(e) Key management compensation

IAS 24 'Related Party Disclosures' requires the disclosure of compensation paid to the Group's key management.

The Board of Directors and Glanbia Operating Executive are deemed to be key management personnel as they are responsible for planning, directing and controlling the activities of the Group.

Key management compensation includes the compensation of the Board of Directors (Executive and Non-Executive) and members of the Glanbia Operating Executive, including the Group Secretary. Dividends totalling €0.3 million (2019: €0.3 million) were received by key management personnel during the year, based on their personal shareholdings in Glanbia plc.

In addition to their salaries and short-term benefits, the Group contributes to post retirement benefit plans (note 9) on behalf of key management personnel and these personnel also participate in the Group's various share-based payment arrangements (note 10). No loans were made to key management during the year (2019: nil).

	2020 €'m	2019 €'m
Salaries and other short-term employee benefits	**7.8**	5.3
Post-employment benefits	**1.3**	1.0
Share-based payments	**1.4**	0.6
Non-Executive Directors fees	**0.9**	0.9
	11.4	7.8

Retirement benefits of €0.4 million (2019: €0.4 million) were accrued in the year to four members of key management (2019: four) under a post retirement defined benefit plan. Total retirement benefits accrued to key management under the post retirement defined benefit plan are €8.6 million (2019: €7.6 million).

The Group through Employee Benefit Trusts reacquired Company shares from key management personnel; the total number reacquired was 28,631 ordinary shares at an average price of €9.40 per share (2019: 81,172 ordinary shares at an average price of €17.59 per share).

Details of the Directors' compensation including salary, fees, various share-based payment arrangements and other benefits, together with their interest in Glanbia plc is disclosed in the Remuneration Committee Report on pages 96 to 117.

36. Events after the reporting period

See note 14 for the final dividend, recommended by the Directors. Subject to shareholder approval, this dividend will be paid on 7 May 2021 to shareholders on the register of members on 26 March 2021, the record date.

Subsequent to the year end, the Society, who is the largest shareholder of the Company, announced that it will further reduce its representation on the Board of the Company, in order to facilitate the appointment of additional independent non-executive directors. Accordingly, the current Society representation on the Board will reduce from seven to three directors by June 2023. In addition, the overall board size of the Company will reduce from 15 to 13 by 2023.

37. Principal subsidiaries and equity accounted investees

The information outlined in section (a) below relates only to the principal undertakings in the Group as at 2 January 2021 and as at 4 January 2020. The Group has availed of the exemption under section 316 of the Companies Act 2014. The information required under section 314 of the Companies Act 2014 including a full listing of subsidiaries and joint venture undertakings will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland. All beneficial interests are in ordinary shares, membership interests or membership units.

(a) Subsidiaries

Incorporated and operating in	Registered office	Principal activity	Beneficial % interest
Ireland			
Alanfield Society Limited	1	Holding society	100
Avonmore Proteins Designated Activity Company [5]	1	Financing	100
Avonmore Skim Milk Products Limited [5]	1	Financing	100
Glanbia Cheesip Limited [1]	1	Research and development	100
Glanbia Commercial Limited [5]	1	Financing	100
Glanbia Commsa Limited [5]	1	Financing	100
Glanbia Commus Limited [5]	1	Financing	100
Glanbia Estates Limited	1	Property and land dealing	100
Glanbia Finance Designated Activity Company [5]	1	Financing	100
Glanbia Finance International Designated Activity Company	1	Financing	100
Glanbia Financial Services Unlimited Company	1	Financing	100
Glanbia GNPN Holding Limited	1	Holding company	100
Glanbia Holdfin Limited	1	Holding company	100
Glanbia Investipr Designated Activity Company [3]	1	Holding and managing receivables	100
Glanbia Investment Holding Limited	1	Holding company	100
Glanbia Management Services Limited	1	Management and general business services	100
Glanbia Nutritionals (Blending) Limited [5]	1	Financing	100
Glanbia Nutritionals (Ireland) Limited	1	Nutritional ingredients and performance nutrition	100
Glanbia Nutritionals Limited	1	Nutritional ingredients	100
Glanbia Performance Nutrition Limited	1	Performance nutrition	100
Glanbia Property Holding Designated Activity Company	1	Holding company	100
Glanbia Property Rentals Designated Activity Company [5]	1	Property lessor	100
Glanbia Support Services Limited	1	Holding company	100
Glassonby Unlimited Company	1	Financing	100
ON Optimum Nutrition Limited [5]	1	Financing	100
Waterford Foods Designated Activity Company	1	Holding company	100
United States of America			
Aseptic Solutions USA Ventures, LLC	2	Nutritional ingredients	100
Foodarom USA, Inc. [4]	3	Flavours solutions	100
Glanbia Business Services, Inc.	2	Business services	100
Glanbia (Delaware), Inc.	2	Holding company	100
Glanbia Foods, Inc.	4	Cheese and nutritional ingredients	100
Glanbia, Inc.	2	Holding company	100
Glanbia Nutritionals (NA), Inc.	2	Nutritional ingredients	100

Notes to the Financial Statements continued

37. Principal subsidiaries and equity accounted investees continued

Incorporated and operating in	Registered office	Principal activity	Beneficial % interest
United States of America continued			
Glanbia Nutritionals, Inc.	2	Nutritional ingredients	100
Glanbia Nutritionals Services, LLC	2	Management services (nutritional ingredients)	100
Glanbia Performance Nutrition (Manufacturing), Inc.	2	Performance nutrition	100
Glanbia Performance Nutrition (NA), Inc.	5	Performance nutrition	100
GPN Commercial, LLC	2	Performance nutrition	100
GPN Slimfast Commercial, LLC	2	Weight management solutions	100
Grass Advantage, LLC	6	Performance nutrition	100
KSF Acquisition Corporation	2	Weight management solutions	100
Lifeagen Biosciences of Florida, Inc.	5	Mineral and vitamin supplements	100
Watson LLC	7	General business services	100
Britain and Northern Ireland			
Glanbia Holdings Limited	8	Financing	100
Glanbia Investments (UK) Limited	8	Holding company	100
Glanbia Milk Limited	8	Management services	100
Glanbia Performance Nutrition (UK) Limited	8	Performance nutrition	100
Glanbia Performance Nutrition (UK Sales Division) Limited	8	Performance nutrition	100
Glanbia (UK) Limited	8	Holding company	100
KSF Acquisition UK Limited	8	Weight management solutions	100
Waterford Foods International Limited	8	Holding company	100
Australia			
Glanbia Performance Nutrition Pty Ltd	9	Performance nutrition	100
Brazil			
Glanbia Marketing de Produtos de Nutrição e Performance do Brasil Ltda [3]	10	Performance nutrition	100
Canada			
Foodarom Group Inc. [4]	11	Flavours solutions	100
Glanbia Nutritionals (Canada) Inc. [3]	12	Nutritional ingredients	100
Glanbia Performance Nutrition Canada Inc. [3]	12	Performance nutrition	100
China			
Glanbia Nutritionals (Suzhou) Co., Ltd. [3]	13	Nutritional ingredients	100
Glanbia Performance Nutrition Trading (Shanghai) Co., Ltd. [3]	14	Performance nutrition	100
Glanbia (Shanghai) International Trading Co., Ltd. [3]	15	Nutritional ingredients	100
Denmark			
Nutramino Holding ApS [3]	16	Holding company	100
Nutramino Int. ApS [3]	16	Performance nutrition	100
France			
Glanbia Performance Nutrition France SAS [3]	17	Performance nutrition	100
Germany			
Body & Fit Nutrition GmbH [3]	18	Performance nutrition	100
Foodarom Germany GmbH [4]	19	Flavours solutions	100
Glanbia Nutritionals Deutschland GmbH [3]	20	Nutritional ingredients	100
Glanbia Performance Nutrition GmbH [3]	21	Performance nutrition	100
India			
Glanbia India Private Limited [2]	22	Nutritional ingredients	100
Glanbia Performance Nutrition (India) Private Limited [2]	23	Performance nutrition	100

Incorporated and operating in	Registered office	Principal activity	Beneficial % interest
Japan			
Glanbia Japan K.K. [3]	24	Nutritional ingredients	100
Korea (Republic of)			
Glanbia Performance Nutrition Korea, LLC [3]	25	Performance nutrition	100
Luxembourg			
Glanbia Luxembourg SA [3]	26	Financing	100
Glanbia Luxfin SA [3]	26	Financing	100
Glanbia Luxinvest SA [3]	26	Financing	100
Malta			
Glanbia Maltinvest Limited	27	Financing	100
Glanbia Maltfin Limited	27	Financing	100
Mexico			
Glanbia, S.A. de C.V. [3]	28	Nutritional ingredients	100
Netherlands			
Body & Fit Sportsnutrition B.V. (formerly known as B&F Vastgoed B.V.) [3]	29	Performance nutrition	100
Glanbia Foods B.V. [3]	30	Holding company	100
New Zealand			
Glanbia Performance Nutrition (New Zealand) Limited [3]	31	Performance nutrition	100
Norway			
Nutramino NO AS [3]	32	Performance nutrition	100
Philippines			
Glanbia Performance Nutrition Philippines, Inc. [3]	33	Performance nutrition	100
Portugal			
Glanbia Nutritionals (Portugal), Sociedade Unipessoal Lda. [3]	34	Performance nutrition	100
Russian Federation			
LLC Glanbia [3]	35	Nutritional ingredients	100
Singapore			
Glanbia Nutritionals Singapore Pte Limited [3]	36	Nutritional ingredients	100
Glanbia Performance Nutrition Singapore Pte. Ltd	37	Performance nutrition	100
South Africa			
Glanbia (Pty) Limited [3]	38	Nutritional ingredients	100
Sweden			
Nutramino AB [3]	39	Performance nutrition	100
Turkey			
Glanbia Besin Ürünleri Pazarlama ve Ticaret Limited Şirketi [3]	40	Performance nutrition	100
United Arab Emirates			
Glanbia Performance Nutrition DMCC [3]	41	Performance nutrition	100
Uruguay			
Glanbia (Uruguay Exports) SA [3]	42	Nutritional ingredients	100

1. Glanbia Cheesip Limited has a branch at 1 rue Hildegard von Bingen L–1282 Luxembourg. The company and its branch have a statutory year end fixed at 31 December each year to comply with statutory requirements.
2. The statutory year end of this subsidiary is 31 March, which coincides with the tax year in India.
3. The statutory year end of these subsidiaries is fixed at 31 December each year to comply with statutory requirements.
4. Acquired in 2020.
5. The statutory year end of these subsidiaries is 23 December.

The Group has no significant restrictions in relation to its ability to access or use the assets and settle the liabilities of its subsidiaries.

Notes to the Financial Statements continued

37. Principal subsidiaries and equity accounted investees continued

(b) Equity accounted investees – Joint ventures

Incorporated and operating in	Date to which results are included	Registered office	Principal activity[1]	Beneficial % interest
Ireland				
Glanbia Cheese EU Limited	2/01/2021	1	Cheese products	50
Glanbia Ireland Designated Activity Company	2/01/2021	1	Milk products, consumer goods and agri trading	40
United States of America				
MWC-Southwest Holdings LLC	2/01/2021	2	Holding company of two cheese and nutritional ingredients companies	50
Britain and Northern Ireland				
Glanbia Cheese Limited	2/01/2021	43	Cheese products	51

1. Refer to note 17 for further details.

The Group's interests in joint ventures are subject to certain restrictions, however these are not material.

Registered office

1 Glanbia House, Kilkenny, Ireland, R95 E866
2 3411 Silverside Road Tatnall Building 104, Wilmington, New Castle County, DE 19810, United States
3 1925 Lovering Ave, Wilmington, DE 19806, United States
4 950 W Bannock Street 1100, Boise, ID83702, Ada County, United States
5 11380 Prosperity Farms Rd 221E, Palm Beach Gardens FL 33410, United States
6 251 Little Falls Drive, Wilmington, New Castle County, DE 19808, United States
7 Kiernan Herner LLP, 105 Danbury Road, Suite 203, Ridgefield, CT 06877, United States
8 One Victoria Square, Birmingham, B1 1BD, United Kingdom
9 Level 10, 68 Pitt Street, Sydney NSW 2000, Australia
10 Avenida Brigadeiro Faria Lima, No 4221, 1 andar, salas 124, 128 e 142, Itaim Bibi, São Paula, CEP 04538-133, Brazil
11 5400, rue Armand-Frappier, Saint-Hubert, Quebec, J3Z 1G5, Canada
12 1700-242 Hargrave Street, Winnipeg MB, R3C 0V1, Canada
13 No. 128 Fangzong Street SIP, Suzhou, Jiangsu Province, PRC 215025, China
14 Room 101, Building D, the Bund SOHO, Zhongshan East 2nd Road 88, Shanghai, 200001, China
15 Room 228, 2/F, Building 1, No. 239, Gang'ao Road, Shanghai New Free Trade Zone, China
16 Landgreven 3, 1. tv., 1301, København K, Denmark
17 8, Avenue Hoche, 75008, Paris, France
18 Hohenstaufenring 62, 50674, Köln, Germany
19 Gutenbergstraße 1, 28844 Weyhe, Germany
20 Gewerbestrasse 3, 78359 Orsingen – Nenzingen, Germany
21 District court München: Anwesen Freudenbergerweg 11, 81669, München, Germany
22 Ground Floor, No. 12/47, 7th Cross, Swimming Pool Extension, Malleshwaram, Bangalore KA, 560003, India
23 Allied House, Nelson Mandela Marg Pocket 10, Sector B, Vasant Kunj, New Delhi, DL110070, India
24 Level 18 Yebisu Garden Place, Tower 4–20–3, Ebisu Shibuya-ku, Tokyo, Japan
25 1319, 13th floor, 311 Gangnam-daero, Seocho-gu, Seoul, Korea (Republic of)
26 15, Boulevard Friedrich Wilhelm Raiffeisen, L-2411, Luxembourg
27 Vision Exchange Building, Level 2, Triq it-Territorjals, Zone 1, Central Business District, Birkirkara, CBD 1070, Malta
28 Av. Prolongación Paseo de la Reforma No. 115–1006, Col. Paseo de las Lomas, C.P. 01330, Mexico
29 Mars 10, 8448CP, Heerenveen, Netherlands
30 Herikerbergweg 88, 1101 CM Amsterdam, Netherlands
31 C/–Martelli Mckegg, Level 20, PwC Tower, 188 Quay Street, Auckland, 1010, New Zealand
32 Fillpstad brygge 1, 0252, Oslo, Norway
33 146 Yakal Street, San Antonio Village, Makati City 1203, Phillipines
34 Miraflores, Torre de Mansanto, Rua Afonso Praça, 30–7o e 8o piso, 1495–061 Miraflores, Portugal
35 6 Vernadskogo prospect, Office 614, 119311, Moscow, Russian Federation
36 Helios, 03-03/04, 11 Biopolis Way, Singapore, 138667, Singapore
37 300 Beach Road, 35-06/07, The Concourse, 199555, Singapore
38 Stand 893, 7 Forbes Street, Midstream Estate – Windsor Gate, Brakfontein Road, Guateng, South Africa, 2192, South Africa
39 Ostermalinstorg.1, 4 tr, 114 42, Stockholm, Sweden
40 Kocatepe Mah., Lamartin Cad. No:5, Ofis Lamartine Kat:6, Taksim, Beyoglu, Istanbul, 34437, Turkey
41 Unit No. 3406, Liwa Heights 1, Plot No: JLT – PH2-W3A, Jumeirah Lake Towers, Dubai, United Arab Emirates
42 Copacabana Street, Block 26 – S 12, Médanos de Solymar City, Canelones, Uruguay
43 4 Royal Mews, Gadbrook Park, Rudheath, Northwich, Cheshire, CW9 7UD, United Kingdom

Company Balance Sheet
as at 2 January 2021

	Notes	2 January 2021 €'m	4 January 2020 €'m
ASSETS			
Non-current assets			
Investment in joint venture	2	**95.4**	95.4
Investment in subsidiaries	3	**585.6**	660.5
Other financial assets	4	**2.6**	2.8
Deferred tax assets		**0.5**	0.4
		684.1	759.1
Current assets			
Trade and other receivables	5	**7.1**	6.9
Cash at bank and in hand		**10.7**	8.2
		17.8	15.1
Total assets		**701.9**	774.2
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	6	**460.6**	460.7
Other reserves		**3.0**	(0.3)
Retained earnings		**121.5**	102.8
Total equity		**585.1**	563.2
LIABILITIES			
Non-current liabilities			
Bank borrowings		**35.0**	105.0
Current liabilities			
Bank overdraft		**9.2**	22.7
Provisions		**0.6**	0.6
Trade and other payables	7	**72.0**	82.7
		81.8	106.0
Total liabilities		**116.8**	211.0
Total equity and liabilities		**701.9**	774.2

As permitted by section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its separate profit and loss account in these financial statements and from filing it with the Registrar of Companies. The profit for the year dealt with in the financial statements of the Company amounts to €112.9 million (2019: €5.3 million).

On behalf of the Board

Donard Gaynor **Siobhán Talbot** **Mark Garvey**
Directors

23 February, 2021

Company Statement of Changes in Equity
for the financial year ended 2 January 2021

		Other reserves					
	Share capital and share premium €'m (note 6)	Capital reserve €'m	Own shares €'m	Share-based payment reserve €'m	FVOCI reserve €'m	Retained earnings €'m	Total Equity €'m
Balance at 5 January 2020	**460.7**	**4.2**	**(14.0)**	**9.7**	**(0.2)**	**102.8**	**563.2**
Profit for the year	–	–	–	–	–	112.9	112.9
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	112.9	112.9
Transactions with owners, recorded directly in equity							
Dividends	–	–	–	–	–	(78.6)	(78.6)
Cost of share–based payments	–	–	–	5.2	–	–	5.2
Transfer on exercise, vesting or expiry of share–based payments	–	–	3.6	(4.6)	–	1.0	–
Purchase of own shares	–	–	(17.6)	–	–	–	(17.6)
Cancellation of own shares	(0.1)	0.1	16.6	–	–	(16.6)	–
Total contributions by and distributions to owners	(0.1)	0.1	2.6	0.6	–	(94.2)	(91.0)
Balance at 2 January 2021	**460.6**	**4.3**	**(11.4)**	**10.3**	**(0.2)**	**121.5**	**585.1**
Balance at 30 December 2018	460.7	4.2	(14.4)	14.1	(0.1)	170.8	635.3
Profit for the year	–	–	–	–	–	5.3	5.3
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	5.3	5.3
Transactions with owners, recorded directly in equity							
Fair value movement	–	–	–	–	(0.2)	–	(0.2)
Deferred tax on fair value movement	–	–	–	–	0.1	–	0.1
Dividends	–	–	–	–	–	(74.3)	(74.3)
Cost of share–based payments	–	–	–	4.6	–	–	4.6
Transfer on exercise, vesting or expiry of share–based payments	–	–	8.0	(9.0)	–	1.0	–
Purchase of own shares	–	–	(7.6)	–	–	–	(7.6)
Total contributions by and distributions to owners	–	–	0.4	(4.4)	(0.1)	(73.3)	(77.4)
Balance at 4 January 2020	460.7	4.2	(14.0)	9.7	(0.2)	102.8	563.2

See note 23 of the Group financial statements for a description of the individual components in other reserves.

Notes to the Company Financial Statements
for the financial year ended 2 January 2021

1. Accounting policies

Basis of preparation

Glanbia plc (the 'Company') is a public limited company incorporated and domiciled in Ireland, the number under which it is registered is 129933. The address of its registered office is Glanbia House, Kilkenny, Ireland, R95 E866.

These financial statements are prepared for the 52-week period ended 2 January 2021. Comparatives are for the 53-week period ended 4 January 2020. The balance sheets for 2020 and 2019 have been drawn up as at 2 January 2021 and 4 January 2020 respectively. The Company financial statements were approved and authorised for issue by the Board of Directors on 23 February 2021.

The Company meets the definition of a qualifying entity under Financial Reporting Standard ('FRS') 100 issued by the Financial Reporting Council ('FRC'). Accordingly, in the year ended 4 January 2020, the Company transitioned from reporting under International Financial Reporting Standards adopted by the European Union ('IFRS') to FRS 101 'Reduced Disclosure Framework' as issued by the FRC. The transition was not considered to have had a material effect on the financial statements.

The financial statements are prepared on a going concern basis under the historical cost basis in accordance with the Companies Act 2014 and FRS 101. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRS; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of the Company and its subsidiaries include the equivalent disclosures, the Company has also availed of the following disclosure exemptions under FRS 101:

- IFRS 2 Share Based Payments in respect of group settled share based payments; and
- paragraphs 91 to 99 of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared in euro and presented in millions.

During the year ended 2 January 2021, the Company adopted IFRS 16 'Leases' with no material impact to the financial statements. The Company adopted IFRS 9 'Financial instruments' and IFRS 15 'Revenue from Contracts with Customers' during the year ended 4 January 2020 with no material impact to the financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The Company is in a net current liabilities position at 2 January 2021. The Company and its subsidiaries (the 'Group') is profit-making and cash generative, having made a profit after tax of €143.8 million and generated cash from operating activities of €277.4 million in 2020. The Company made a profit of €112.9 million in 2020 (2019: €5.3 million). The Group expects to continue to be profitable and cash generative for at least 12 months from the date of approval of these financial statements based on approved budgets and strategic plans. The Company has control over its subsidiaries, it can therefore direct its subsidiary entities to distribute or make available funds to the parent company to ensure that the Company can repay its creditors as they fall due. The Directors have a reasonable expectation that these funds will be available within the Group based on current budgets and strategic plans. Accordingly, the financial statements of the Company for the financial year ended 2 January 2021 have been prepared on a going concern basis.

Investment in joint venture and subsidiaries

Investments in joint venture and subsidiaries are held at cost less, if any, accumulated impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. When the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. In the opinion of the Directors the shares in the joint venture and subsidiaries are worth at least the amounts at which they are stated in the balance sheet.

Other financial assets

The Company classifies and initially measures its equity instruments at fair value and are subsequently adjusted to fair value at each reporting date. If the market for a financial asset is not active or unquoted, the Company establishes fair value using valuation techniques. The investment in BDO Development Capital Fund is fair valued by reference to the latest quarterly report available to the limited partners. Changes in their fair value are recognised in the profit and loss account unless management has elected to present changes in fair value through other comprehensive income ('FVOCI') on an investment by investment basis. When an election is made for an investment, there is no subsequent reclassification of fair value gains and losses related to the investment to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss when the Company's right to receive payments is established.

Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Notes to the Company Financial Statements continued

1. Accounting policies continued

Trade and other receivables and payables

Receivables and payables are recognised initially at fair value except trade receivables that do not contain significant financing components which are recognised at transaction price. They are subsequently measured at amortised cost using the effective interest method less any allowance for expected credit loss for receivables.

Impairment

The Company applies the simplified approach under IFRS 9 to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. A loss allowance for receivables is estimated based on expected credit losses. To measure ECL, historical loss rates are calculated based on historical credit loss experience. The loss allowance based on historical loss rates is adjusted to reflect current information and forward-looking information on macroeconomic factors if there is evidence to suggest these factors will affect the ability of the counterparty to settle the receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery such as a debtor failing to engage in a repayment plan with the Company.

The Company's intercompany receivables at 2 January 2021 amounted to €6.9 million (2019: €6.8 million). There is no material ECL in respect of intercompany receivables as at 2 January 2021.

Cash at bank and in hand

Cash includes cash, in any currency, in hand or deposited with financial institutions repayable without penalty on notice of not more than 24 hours.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Own shares

Where the Employee Share Trust and/or the Employee Share Scheme Trust (on behalf of the Company) purchases the Company's equity share capital, under the 2008 and 2018 Long-term incentive plan, the 2019 Restricted share plan, and the Annual incentive deferred into shares scheme, the consideration paid is deducted from distributable reserves and classified as own shares until they are re-issued. Where such shares are re-issued, they are re-issued on a first-in, first-out basis and the proceeds from re-issue of own shares are transferred from own shares to retained earnings.

Dividends

Dividends on ordinary shares to the Company's shareholders are recognised as a liability of the Company when approved by the Company's shareholders. Interim dividends are recognised when paid. Proposed dividends that are approved after the balance sheet date are not recognised as a liability but are disclosed in note 14 of the Group financial statements.

Bank borrowings

Bank borrowings are recognised initially at fair value and are subsequently stated at amortised cost. They are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Foreign currency translation

The functional and presentation currency of the Company is euro. Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date, with a corresponding charge or credit to the income statement.

Dividend income

Dividend income is recognised in the profit and loss account on the date the entity's right to receive payment is established.

Share-based payments

The Company operates equity settled share-based payment arrangements. The arrangements include both share option and share award schemes open to both Executive Directors and certain senior management. The Company also operates an annual incentive scheme whereby a portion of the annual incentive will be settled by way of shares, and a long-term incentive plan and a restricted share plan whereby share awards in the Company are granted to Executive Directors and senior management. The Company recharges the costs of these plans to its subsidiaries and the balances are settled in cash.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is calculated on the basis of tax laws enacted or substantively enacted at the Company balance sheet date in countries where the Company operates and generates taxable income, taking into account adjustments relating to prior years. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax is provided on a non-discounted basis, using the balance sheet liability method, providing for temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of goodwill not having full tax basis. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Critical accounting judgements and estimates
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no critical accounting estimates or significant judgements used in the preparation of these financial statements.

2. Investment in joint venture

	2020 €'m	2019 €'m
At the beginning and end of the year	**95.4**	95.4

The investment in a joint venture relates to Glanbia Ireland DAC.

3. Investment in subsidiaries

	2020 €'m	2019 €'m
At the beginning of the year	**660.5**	489.4
Additions	**–**	436.1
Impairment	**(74.5)**	(189.3)
Disposals	**(0.4)**	(75.7)
At the end of the year	**585.6**	660.5

Details of the Company's principal subsidiaries are set out in note 37 of the Group financial statements. At reporting date, the carrying amount of the investment in subsidiaries is assessed for impairment when indications of impairment exist. During the current year, €74.5 million of impairment was recognised where the recoverable amount was determined based on the estimated cash flows generated by the underlying assets of the subsidiaries.

4. Other financial assets

	2020 €'m	2019 €'m
At the beginning of the year	**2.8**	3.1
Additions	**0.1**	0.3
Disposals/redemption	**(0.3)**	(0.4)
Fair value adjustment	**–**	(0.2)
At the end of the year	**2.6**	2.8

Other financial assets comprised an equity instrument at FVOCI (The BDO Development Capital Fund) of €2.2 million (2019: €2.1 million) and a financial asset at amortised cost (a loan note receivable from Ornua Co-operative Limited) of €0.4 million (2019: €0.7 million).

5. Trade and other receivables

	2020 €'m	2019 €'m
Amounts owed by subsidiaries	**6.9**	6.8
Amounts owed by Glanbia Co-operative Society Limited	**0.1**	–
Prepayments	**0.1**	0.1
	7.1	6.9

Notes to the Company Financial Statements continued

6. Share capital and share premium

At 2 January 2021, share capital and share premium were €17.7 million (2019: €17.8 million) and €442.9 million (€442.9 million) respectively. The movement in the share capital was due to cancellation of ordinary shares on the share buyback programme (note 22 of the Group financial statements). The difference between the Company and Group share premium is due to the merger of Waterford Foods plc now named Waterford Foods DAC and Avonmore Foods plc now named Glanbia plc in 1997. See note 23(b) of the Group financial statements for further details.

7. Trade and other payables

	2020 €'m	2019 €'m
Amounts owed to subsidiaries	**54.7**	68.7
Amounts owed to Glanbia Co-operative Society Limited	**–**	0.1
Accruals	**17.3**	13.9
	72.0	82.7

8. Contingent liabilities

Any Irish registered wholly-owned subsidiary of the Company may avail of the exemption from filing its statutory financial statements for the year ended 2 January 2021 as permitted by section 357 of the Companies Act 2014 and if an Irish registered wholly-owned subsidiary of the Company elects to avail of this exemption, there will be in force an irrevocable guarantee from the Company in respect of all commitments entered into by such wholly-owned subsidiary, including amounts shown as liabilities (within the meaning of section 357 (1) (b) of the Companies Act 2014) in such wholly-owned subsidiary's statutory financial statements for the year ended 2 January 2021.

Within the scope of benefitting from the exemption related to the filing of the statutory financial statements for the financial year ended 31 December 2020 of Glanbia Foods B.V. (see note 37 of the Group financial statements), the Company has guaranteed the liabilities ensuing from legal acts performed by this subsidiary from 1 January 2020 in accordance with and to the extent as set out in section 2:403.1(b and f) of the Dutch Civil Code. Therefore Glanbia Foods B.V. is exempt from the obligation to publish its statutory financial statements and its obligations to file statutory financial statements has been fulfilled by means of the publication of the declaration of consent and the declaration of liability.

Within the scope of benefitting from the exemption related to the filing of the statutory financial statements for the financial year ended 31 December 2020 of the three Luxembourg subsidiaries (see note 37 of the Group financial statements), the Company has guaranteed the liabilities of these subsidiaries in respect of any losses or liabilities (as provided by Article 70 (c) of the Luxembourg Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings) for the financial year ended on 31 December 2020. These subsidiaries avail of the exemption from filing of their statutory financial statements, as permitted by Article 70 of the Luxembourg Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings.

The Group's financial liabilities are secured by cross-guarantees by the Company and certain principal subsidiary(ies). Expected credit loss allowance in relation to these guarantees is not material.

9. Related party transactions

During 2020, dividends of €24.8* million (2019: €23.5 million) were paid to Glanbia Co-operative Society Limited (the 'Society') and its wholly owned subsidiaries based on their shareholding in the Company. Non-Executive Directors fees of €0.5 million (2019: €0.5 million) were recharged from the Company to the Society during 2020. See note 7 for outstanding balances due to the Society at the reporting date.

* €14.9 million of this amount pertained to the period ended 30 June 2020 when the Society was the ultimate parent of the Company.

10. Statutory information

The following table discloses the fees paid or payable to Deloitte Ireland LLP:

	2020 €'m	2019 €'m
Statutory audit*	**–**	–
Other assurance services	**0.7**	0.7
Tax advisory services	**–**	–
Other non-audit services	**–**	–
	0.7	0.7

* The audit fee for the Company is €38,000 (2019: €35,700) and is payable to Deloitte Ireland LLP, the statutory auditor.

Directors' remuneration is disclosed in the Remuneration Committee Report on pages 96 to 117 and in note 35(e) of the Group financial statements.

11. Events after the reporting period

Refer to note 36 of the Group financial statements.

Other Information

Glossary
Key Performance Indicators and non-IFRS performance measures

NOT COVERED BY INDEPENDENT AUDITOR'S REPORT

Non–IFRS performance measures
The Group reports certain performance measures that are not defined under IFRS but which represent additional measures used by the Board of Directors and the Glanbia Operating Executive in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these non–IFRS performance measures provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

None of these non-IFRS performance measures should be considered as an alternative to financial measures drawn up in accordance with IFRS.

The principal non-IFRS performance measures used by the Group are:

G 1. Constant currency
G 2. Revenue
G 3. EBITA
G 4. EBITA margin %
G 5. EBITDA
G 6. Constant Currency Basic and Adjusted Earnings Per Share (EPS)
G 7. Financing Key Performance Indicators
G 8. Volume and pricing increase/(decrease)
G 9. Like-for-like revenue increase/(decrease)
G 10. Effective tax rate
G 11. Average interest rate
G 12. Operating cash conversion
G 13. Operating cash flow and free cash flow
G 14. Return on capital employed (ROCE)
G 15. Total shareholder return (TSR)
G 16. Dividend payout ratio
G 17. Compound annual growth rate (CAGR)
G 18. Exceptional Items

These principal non-IFRS performance measures are defined below with a reconciliation of these measures to IFRS measures where applicable.

In the prior year the Group disclosed two non-IFRS measures (Total Group and Innovation rate) which are not included in the current year. Total Group is no longer used to describe trends and performance across the Group, with commentary now concentrated on IFRS measures that reference individual components of the Group and equity accounted investments. Innovation rate is no longer a performance condition of Glanbia's Annual Incentive Plan for Glanbia Performance Nutrition Senior Management hence not disclosed as an Alternative Performance measure of the Group.

G 1. Constant currency
While the Group reports its results in euro, it generates a significant proportion of its earnings in currencies other than euro, in particular US dollar. Constant currency reporting is used by the Group to eliminate the translational effect of foreign exchange on the Group's results. To arrive at the constant currency year–on–year change, the results for the prior year are retranslated using the average exchange rates for the current year and compared to the current year reported numbers.

The principal average exchange rates used to translate results for 2020 and 2019 are set out below:

1 euro =	**2020**	2019
US dollar	**1.1423**	1.1196
Pound sterling	**0.8898**	0.8772

All non–IFRS performance measures have been presented on a constant currency basis, where relevant, within this glossary.

G 2. Revenue

Revenue comprises sales of goods and services of the wholly-owned (Group) businesses to external customers net of value added tax, rebates and discounts. Revenue is one of the Group's Key Performance Indicators and is an IFRS performance measure.

G 2.1 Wholly-owned (Group) revenue:

	Reference to the Financial Statements/ Glossary	**2020 €'m**	2019 Reported €'m	2019 Retranslated €'m	Constant currency growth %	Like-for-like Growth %
Nutritional Solutions	Note 4	**746.8**	744.9	731.8	2.0%	0.8%
US Cheese	Note 4	**1,938.3**	1,767.0	1,731.9	11.9%	13.8%
Glanbia Nutritionals	Note 4	**2,685.1**	2,511.9	2,463.7	9.0%	10.0%
North America Performance Nutrition – Branded		**411.4**	469.8	460.3	-10.6%	-9.0%
North America Performance Nutrition – Contract		**23.4**	68.5	67.2	-65.2%	-63.5%
North America Performance Nutrition	Note 4	**434.8**	538.3	527.5	-17.6%	-15.9%
North America Lifestyle	Note 4	**357.3**	392.0	384.2	-7.0%	-5.3%
International	Note 4	**270.9**	358.7	351.8	-23.0%	-21.3%
Direct-to-Consumer	Note 4	**75.0**	74.8	74.9	0.1%	1.9%
Glanbia Performance Nutrition	Note 4	**1,138.0**	1,363.8	1,338.4	-15.0%	-13.3%
Wholly-owned (Group) revenue		**3,823.1**	3,875.7	3,802.1	0.6%	1.8%

G 3. EBITA

EBITA is defined as earnings before interest, tax and amortisation. EBITA references throughout the annual report are on a pre-exceptional basis unless otherwise indicated. EBITA is one of the Group's Key Performance Indicators. Business Segment EBITA growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan for Executive Directors with Business Unit responsibility. Refer to note 5 of the financial statements for the reconciliation of wholly-owned (Group) EBITA.

G 3.1 Wholly-owned (Group) EBITA:

	Reference to the Financial Statements/Glossary	**2020 €'m**	2019 Reported €'m	2019 Retranslated €'m	Constant currency growth %
Nutritional Solutions		**90.5**	100.0	98.1	-7.7%
US Cheese		**27.9**	30.4	29.8	-6.4%
Glanbia Nutritionals	Note 4	**118.4**	130.4	127.9	-7.4%
Glanbia Performance Nutrition	Note 4	**91.2**	146.4	143.0	-36.2%
Wholly-owned (Group) EBITA		**209.6**	276.8	270.9	-22.6%

G 4. EBITA margin %

EBITA margin % is defined as EBITA as a percentage of revenue. Wholly-owned (Group) EBITA margin % is defined as wholly-owned (Group) EBITA as a percentage of wholly-owned (Group) revenue. Refer to G 2.1 and G 3.1 for reconciliations of wholly-owned (Group) revenue and wholly-owned (Group) EBITA respectively. EBITA references throughout the annual report are on a pre-exceptional basis unless otherwise indicated.

G 5. EBITDA

EBITDA is defined as earnings before interest, tax, depreciation (net of grant amortisation) and amortisation. EBITDA references throughout the annual report are on a pre-exceptional basis unless otherwise indicated.

G 5.1 Wholly-owned (Group) EBITDA:

	Reference to the Financial Statements/Glossary	**2020 €'m**	2019 €'m
Wholly-owned (Group) earnings before interest, tax and amortisation (pre-exceptional EBITA)	G 3.1	**209.6**	276.8
Depreciation*	Note 5	**63.9**	48.1
Wholly-owned (Group) earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)	G 7, G 13	**273.5**	324.9

* Depreciation – includes depreciation of tangible assets of €45.9 million (2019 €48.1 million) and depreciation of right of use assets of €18.0 million (2019: nil).

Glossary continued

Key Performance Indicators and non-IFRS performance measures continued

G 6. Constant Currency Basic and Adjusted Earnings Per Share (EPS)

G 6.1 Constant Currency Basic Earnings Per Share (EPS)

Basic Earnings Per Share is calculated by dividing the net profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares (note 23).

	Reference to the Financial Statements/Glossary	**2020 €'m**	2019 Reported €'m	2019 Retranslated €'m
Profit attributable to equity holders of the Company	Group income statement	**143.8**	180.2	177.3
Weighted average number of ordinary shares in issue (thousands)	Note 13	**295,173**	295,215	295,215
Basic Earnings Per Share (cent)	Note 13	**48.72**	61.04	60.06
Constant Currency Change		**-18.9%**		

G 6.2 Constant Currency Adjusted Earnings Per Share (EPS)

Adjusted EPS is defined as the net profit attributable to the equity holders of the Company, before exceptional items and intangible asset amortisation and impairment (excluding software amortisation), net of related tax, divided by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares (note 23). The Group believes that adjusted EPS is a better measure of underlying performance than Basic EPS as it excludes exceptional items (net of related tax) that are not related to ongoing operational performance and intangible asset amortisation, which allows better comparability of companies that grow by acquisition to those that grow organically.

Adjusted EPS is one of the Group's Key Performance Indicators. Adjusted EPS growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan and in Glanbia's Long-Term Incentive Plan.

	Reference to the Financial Statements/Glossary	**2020 €'m**	2019 Reported €'m	2019 Retranslated €'m
Profit attributable to equity holders of the Company (pre-exceptional)	Group income statement	**175.3**	214.8	211.4
Amortisation and impairment of intangible assets (excluding software amortisation) net of related tax of €7.2 million (2019: €8.1 million)		**42.5**	45.3	44.4
Adjusted net income		**217.8**	260.1	255.8
Weighted average number of ordinary shares in issue (thousands)	Note 13	**295,173**	295,215	295,215
Adjusted Earnings Per Share (cent)	G 16	**73.78**	88.10	86.66
Constant currency change		**-14.9%**		

G 7. Financing Key Performance Indicators

The following are the financing key performance indicators defined as per the Group's financing agreements.

G 7.1 Net debt: adjusted EBITDA

Net debt: adjusted EBITDA is calculated as net debt at the end of the period divided by adjusted EBITDA. Net debt is calculated as total financial liabilities less cash and cash equivalents. Adjusted EBITDA is calculated in accordance with lenders' facility agreements definitions which adjust pre-exceptional EBITDA for items such as dividends received from equity accounted investees, acquisitions or disposals and to reverse the net impact on EBITDA as a result of adopting IFRS 16 'Leases'. Adjusted EBITDA is a rolling 12 month measure.

	Reference to the Financial Statements/Glossary	**2020 €'m**	2019 €'m
Net debt	Note 25	**493.9**	614.3
EBITDA	G 5	**273.5**	324.9
IFRS 16 adjustment		**(22.0)**	–
Adjustments in line with lenders' facility agreements		**38.8**	35.0
Adjusted EBITDA		**290.3**	359.9
Net debt: adjusted EBITDA	Note 29(c)	**1.70**	1.71

G 7.2 Adjusted EBIT: adjusted net finance cost

Adjusted EBIT: net finance cost is calculated as earnings before interest and tax adjusted for the IFRS 16 'Leases' impact on operating profit plus dividends received from equity accounted investees divided by net finance cost. Adjusted net finance cost comprises finance costs less finance income per the Group income statement plus capitalised borrowing costs and excludes interest expense on lease liabilities. Adjusted EBIT and net finance cost are rolling 12 month measures.

	Reference to the Financial Statements/Glossary	2020 €'m	2019 €'m
Operating profit (pre-exceptional)	Group income statement	**148.7**	215.9
Dividends received from equity accounted investees	Group statement of cash flows	**36.6**	35.3
IFRS 16 adjustment – interest	Group statement of cash flows	**(2.8)**	–
Adjusted EBIT		**182.5**	251.2
Adjusted net finance costs	Note 11, Note 15, Note 31	**18.2**	27.0
Adjusted EBIT: adjusted net finance cost	Note 29(c)	**10.0**	9.3

G 8. Volume and pricing increase/(decrease)

Volume increase/(decrease) represents the impact of sales volumes within the revenue movement year-on-year, excluding volume from acquisitions, on a constant currency basis.

Pricing increase/(decrease) represents the impact of sales pricing (including trade spend) within revenue movement year-on-year, excluding acquisitions, on a constant currency basis.

G 8.1 Reconciliation of volume and pricing increase/(decrease) to constant currency revenue growth:

	Reference to the Financial Statements/ Glossary	Volume increase/ (decrease)	53rd Week Adjustment*	Price increase/ (decrease)	Acquisitions/ (disposals)	Revenue increase/ (decrease)
Nutritional Solutions	G.2.1	2.4%	-1.9%	-1.6%	3.1%	2.0%
US Cheese	G.2.1	5.0%	-1.9%	8.8%	0.0%	11.9%
Glanbia Nutritionals	G 2.1	4.2%	-1.9%	5.8%	0.9%	9.0%
Glanbia Performance Nutrition	G 2.1	-13.4%	-1.7%	0.1%	0.0%	-15.0%
2020 increase/(decrease) % – wholly-owned (Group) revenue	G 2.1	**-2.0%**	**-1.8%**	**3.8%**	**0.6%**	**0.6%**

* The 2020 results are for a 52 week period ended 2 January 2021 while the 2019 results are for the 53 week period ended 4 January 2020. The 53rd week adjustment is to allow for consistent comparison of this metric.

G 9. Like-for-like revenue increase/(decrease)

G 9.1 Glanbia Performance Nutrition (GPN) like-for-like revenue

GPN like-for-like total revenue represents the sales increase/(decrease) year-on-year, excluding acquisitions and the impact of a 53rd week (when applicable), on a constant currency basis.

GPN like-for-like branded revenue represents the sales increase/(decrease) year-on-year on branded sales, excluding acquisitions and the impact of a 53rd week (when applicable), on a constant currency basis. Like-for-like branded revenue increase/(decrease) is one of the GPN segment's Key Performance Indicators. Like-for-like branded revenue increase/(decrease) is one of the performance conditions in Glanbia's Annual Incentive Plan for GPN Senior Management.

G 9.2 Glanbia Nutritionals like-for-like revenue

This represents the sales increase/(decrease) year-on-year, excluding acquisitions and the impact of a 53rd week (when applicable), on a constant currency basis.

G 10. Effective tax rate

The effective tax rate is defined as the pre-exceptional income tax charge divided by the profit before tax less share of results of equity accounted investees.

	Reference to the Financial Statements/Glossary	2020 €'m	2019 €'m
Profit before tax (pre-exceptional)	Group income statement	**189.8**	238.2
Less share of results of equity accounted investees (pre-exceptional)	Group income statement	**(61.6)**	(48.6)
		128.2	189.6
Income tax (pre-exceptional)	Group income statement	**14.5**	23.4
Effective tax rate		**11.3%**	12.3%

Glossary continued
Key Performance Indicators and non-IFRS performance measures continued

G 11. Average interest rate
The average interest rate is defined as the annualised net finance costs (pre-capitalised borrowing costs and excluding interest expense on lease liabilities) divided by the average net debt during the reporting period.

G 12. Operating cash conversion
Operating cash conversion is defined as Operating Cash Flow (OCF) divided by pre-exceptional EBITDA. Cash conversion is a measure of the Group's ability to convert trading profits into cash and is an important metric in the Group's working capital management programme.

G 13. Operating cash flow and free cash flow
Operating cash flow is defined as pre-exceptional EBITDA of the wholly-owned businesses net of business sustaining capital expenditure and working capital movements, excluding exceptional cash flows.

Operating cash flow is one of the Group's Key Performance Indicators. Operating cash flow is one of the performance conditions in Glanbia's Annual Incentive Plan.

Free cash flow is calculated as the net cash flow in the year before the following items: strategic capital expenditure, equity dividends paid, loans/investments in equity accounted investees, exceptional costs paid, acquisition spend, proceeds received on disposals, purchases under share buyback and currency translation movements.

	Reference to the Financial Statements/Glossary	**2020 €'m**	2019 €'m
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)	G 5	**273.5**	324.9
Movement in working capital (pre-exceptional)	G 13.3	**77.8**	(24.9)
Business sustaining capital expenditure	G 13.5	**(16.5)**	(20.1)
Operating cash flow	G 13.1	**334.8**	279.9
Net interest and tax paid	G 13.4	**(43.0)**	(74.1)
Dividends received from equity accounted investees	Group statement of cash flows	**36.6**	35.3
Payments of lease liabilities	Group statement of cash flows	**(19.2)**	–
Other outflows	G 13.6	**(2.7)**	(9.6)
Free cash flow		**306.5**	231.5
Strategic capital expenditure	G 13.5	**(47.7)**	(56.2)
Dividends paid to Company shareholders	Group statement of cash flows	**(78.6)**	(74.3)
Purchase of own shares	Note 23	**(16.6)**	–
Loans/investment in equity accounted investees	Group statement of cash flows	**(9.6)**	(47.4)
Exceptional costs paid	G 13.2	**(29.5)**	(12.0)
Payment for acquisition of subsidiaries, net of cash and cash equivalents acquired	Group statement of cash flows	**(21.9)**	(58.3)
Proceeds from the sale of property, plant and equipment	Group statement of cash flows	**–**	0.2
Net cash flow		**102.6**	(16.5)
Exchange translation	Note 25	**30.0**	(10.5)
Debt acquired on acquisition	Note 25/Note 34	**(12.2)**	(10.6)
Net debt movement		**120.4**	(37.6)
Opening net debt	Note 25	**(614.3)**	(576.7)
Closing net debt	Note 25	**(493.9)**	(614.3)

G 13.1 Reconciliation of operating cash flow to the Group statement of cash flows in the Financial Statements:

	Reference to the Financial Statements/Glossary	**2020 €'m**	2019 €'m
Cash generated from operating activities	Note 32	**319.9**	285.9
Add back exceptional cash flow in the year	G 13.2	**29.5**	12.0
Less business sustaining capital expenditure	G 13.5	**(16.5)**	(20.1)
Non-cash items not adjusted in computing operating cash flow:			
Cost of share-based payments	Note 32	**(5.2)**	(4.6)
Difference between pension charge and cash contributions	Note 32	**7.2**	7.6
Other items		**(0.1)**	(0.2)
Amounts payable to the MWC-Southwest Holdings LLC joint venture partners		**–**	(0.7)
Operating cash flow	G 13	**334.8**	279.9

G 13.2 Exceptional cash flow in the year:

	Reference to the Financial Statements/Glossary	2020 €'m	2019 €'m
Pre–tax exceptional charge in the year	Group income statement	**(35.7)**	(39.1)
Non–cash element of pre-tax exceptional charge in the year	Note 32	**12.2**	27.1
Current year exceptional items paid in the year	Note 6	**(23.5)**	(12.0)
Prior year exceptional items paid in the year	Note 6	**(6.0)**	–
Total exceptional cash outflow in the year	Note 6	**(29.5)**	(12.0)

G 13.3 Movement in working capital:

	Reference to the Financial Statements/Glossary	2020 €'m	2019 €'m
Movement in working capital (pre-exceptional)		**77.8**	(24.9)
Net write back of inventories (pre-exceptional)	Note 32	**(23.0)**	(5.3)
Non-cash movement in allowance for impairment of receivables	Note 32	**(5.2)**	(1.8)
Prior year exceptional items paid in the year	G 13.2, Note 6	**(6.0)**	–
Non-cash movement in provisions (pre-exceptional)	Note 32	**(3.3)**	0.9
Non-cash movement on cross currency swaps	Note 32	**0.7**	(0.8)
Amounts payable to the MWC-Southwest Holdings LLC joint venture partners		**–**	0.7
Movement in working capital	Note 32(a)	**41.0**	(31.2)

G 13.4 Net interest and tax paid:

	Reference to the Financial Statements/Glossary	2020 €'m	2019 €'m
Interest received	Group statement of cash flows	**4.6**	3.7
Interest paid (including leases)	Group statement of cash flows	**(25.0)**	(32.5)
Tax paid	Group statement of cash flows	**(22.1)**	(44.6)
Interest paid in relation to property, plant and equipment	Group statement of cash flows	**(0.5)**	(0.7)
Net interest and tax paid		**(43.0)**	(74.1)

G 13.5 Capital expenditure:

	Reference to the Financial Statements/Glossary	2020 €'m	2019 €'m
Business sustaining capital expenditure	G 13	**16.5**	20.1
Strategic capital expenditure	G 13	**47.7**	56.2
Total capital expenditure		**64.2**	76.3
Purchase of property, plant and equipment	Group statement of cash flows	**38.0**	42.7
Purchase of intangible assets	Group statement of cash flows	**26.2**	33.6
Total capital expenditure per the Group statement of cash flows		**64.2**	76.3

Business sustaining capital expenditure

The Group defines business sustaining capital expenditure as the expenditure required to maintain/replace existing assets with a high proportion of expired useful life. This expenditure does not attract new customers or create the capacity for a bigger business. It enables the Group to keep operating at current throughput rates but also keep pace with regulatory and environmental changes as well as complying with new requirements from existing customers.

Strategic capital expenditure

The Group defines strategic capital expenditure as the expenditure required to facilitate growth and generate additional returns for the Group. This is generally expansionary expenditure beyond what is necessary to maintain the Group's current competitive position.

Glossary continued
Key Performance Indicators and non-IFRS performance measures continued

G 13. Operating cash flow and free cash flow continued

G 13.6 Other (outflows)/inflows:

	Reference to the Financial Statements/Glossary	2020 €'m	2019 €'m
Cost of share-based payments	Note 32	**5.2**	4.6
Difference between pension charge and cash contributions	Note 32	**(7.2)**	(7.6)
Loss on disposal of property, plant and equipment (pre-exceptional)	Note 32	**0.8**	0.2
Proceeds from disposals/redemption of FVOCI financial assets	Group statement of cash flows	**0.3**	0.5
Payments for FVOCI financial assets	Group statement of cash flows	**(0.1)**	(0.4)
Purchase of own shares		**(1.0)**	(7.6)
Non cash movement on disposal of leases	Note 32	**(0.7)**	–
Amounts payable to the MWC-Southwest Holdings LLC joint venture partners		**–**	0.7
Total other outflows	G 13	**(2.7)**	(9.6)

G 14. Return on capital employed (ROCE)

ROCE is defined as the Group's earnings before interest, and amortisation (net of related tax) plus the Group's share of the results of equity accounted investees after interest and tax divided by capital employed. Capital employed comprises the sum of the Group's total assets plus cumulative intangible asset amortisation and impairment less current liabilities and deferred tax liabilities excluding all borrowings, lease liabilities and acquisition related liabilities; retirement benefit assets and cash. It is calculated by taking the average of the relevant opening and closing balance sheet amounts.

In years where the Group makes significant acquisitions or disposals, the ROCE calculation is adjusted appropriately, to ensure the acquisition or disposal are equally time apportioned in the numerator and the denominator.

ROCE is one of the Group's Key Performance Indicators (see pages 30 to 31). ROCE is one of the performance conditions in Glanbia's Long-Term Incentive Plan. See Remuneration Committee Report on pages 96 to 117 for more information.

	Reference to the Financial Statements/Glossary	2020 €'m	2019 €'m
Operating profit (pre-exceptional)	Group income statement	**148.7**	215.9
Tax on operating profit		**(16.8)**	(26.6)
Amortisation and impairment of intangible assets net of related tax of €9.5m (2019: €9.6m)		**51.4**	51.3
Share of results of equity accounted investees (pre-exceptional)	Group income statement	**61.6**	48.6
Return		**244.9**	289.2
Total assets	Group balance sheet	**3,065.4**	3,400.9
Adjustment for effect of adoption of IFRS 16	Note 31	**106.4**	–
Current liabilities	Group balance sheet	**(719.1)**	(955.3)
Deferred tax liabilities	Group balance sheet	**(146.5)**	(168.6)
Less cash and cash equivalents	Group balance sheet	**(164.3)**	(269.0)
Plus current financial liabilities	Group balance sheet	**199.8**	369.1
Plus acquisition related liabilities		**17.4**	–
Plus short term lease liabilities	Group balance sheet	**15.8**	–
Less retirement benefit assets	Group balance sheet	**(2.6)**	(2.1)
Plus accumulated amortisation	Note 16	**363.2**	360.1
Capital employed before acquisition adjustment		**2,735.5**	2,735.1
Adjustment for acquisitions	G 14.1	**(12.0)**	49.4
Capital employed		**2,723.5**	2,784.5
Average capital employed		**2,729.3**	2,664.0
Return on capital employed		**9.0%**	10.9%

G 14.1. Adjustment for acquisitions

This adjustment is required to ensure the capital employed of the Foodarom (2020) and Watson (2019) acquisitions are appropriately time apportioned in the denominator.

G 15. Total shareholder return (TSR)

TSR represents the change in the capital value of a listed/quoted company over a period, plus dividends reinvested, expressed as a plus or minus percentage of the opening value.

TSR is one of the Group's Key Performance Indicators (see pages 30 to 31). TSR is one of the performance conditions in Glanbia's Long-Term Incentive Plan. See Remuneration Committee Report on pages 96 to 117 for more information.

G 16. Dividend payout ratio

Dividend payout ratio is defined as the annual dividend per ordinary share divided by the Adjusted Earnings Per Share. The dividend payout ratio provides an indication of the value returned to shareholders relative to the Group's total earnings.

	Reference to the Financial Statements/Glossary	**2020 € cent**	2019 € cent
Adjusted Earnings Per Share	G 6.2	**73.78**	88.10
Dividend recommended/paid per ordinary share	Note 14	**26.62**	26.62
Dividend payout %		**36.1%**	30.2%

G 17. Compound annual growth rate (CAGR)

The compound annual growth rate is the annual growth rate over a period of years. It is calculated on the basis that each year's growth is compounded.

G 18. Exceptional items

The Group considers that items of income or expense which are material by virtue of their scale and nature should be disclosed separately if the Group financial statements are to fairly present the financial performance and financial position of the Group. Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Group believes would give rise to exceptional items for separate disclosure are outlined in the accounting policy on exceptional items in note 2. Exceptional items are included on the income statement line item to which they relate. In addition, for clarity, separate disclosure is made of all items in one column on the face of the Group income statement. Refer to note 6 for an analysis of exceptional items recognised in 2020.

Shareholder Information

Stock exchange listings

The Company's shares are listed on the main market of the Euronext Dublin Stock Exchange as well as having a premium listing on the main market of the London Stock Exchange.

Managing your shareholding

Computershare Investor Services (Ireland) Limited ("Computershare") maintains the Company's register of members. Should a shareholder have any queries in respect of their shareholding, they should contact Computershare directly using the contact details provided below:

Contact details:

Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, Ireland. Telephone number 01 247 5349 (within Ireland), +353 1 247 5349 (outside Ireland), or by logging on to: www.investorcentre.com/ie/contactus.

	2020	2019
Share price data	€	€
Share price as at financial year end	**10.38**	10.16
Market capitalisation as at financial year end	**3,056m**	3,008m
Share price movements during the year:		
– high	**11.49**	19.05
– low	**7.70**	9.64

The current share price of Glanbia plc ordinary shares can be accessed at: https://www.glanbia.com/investors/share-price-information/detailed-share-price

Shareholder analysis

Geographic Location*	Number of shares held	% of total
Institutional		
North America	67,468,894	22.9
UK	24,402,632	8.3
Rest of world	33,440,522	11.4
Retail	75,813,488	25.8
Glanbia Co-operative Society Ltd	93,276,241	31.7

* This represents a best estimate of the number of shares held by geographic locations at 02 January 2021.

North America – 22.9%
UK – 8.3%
Rest of the World – 11.4%
Retail – 25.8%
Glanbia Co-operative Society Ltd – 31.7%

Share capital

The authorised share capital of the Company at 02 January 2021 was 350,000,000 ordinary shares at €0.06 each. The issued share capital at 02 January 2021 was 294,401,777 ordinary shares of €0.06 each.

Substantial shareholdings

The table below details the major shareholdings (3% or more) in the Company's ordinary share capital that has been disclosed to the Company at 02 January 2021 and 23 February 2021 in accordance with the requirements of Regulation 14 of the Transparency (Directive 2004/109/EC) Regulations 2007 and Rule 13 of the Central Bank (Investment Market Conduct) Rules 2019.

Shareholder	No. of ordinary shares as at 02 January 2021	% of issued share capital as at 02 January 2021
Glanbia Co-operative Society Limited	93,276,241	31.7
Mawer Investment Management Limited	14,852,659	5.0
Black Creek Investment Management Inc.*	11,874,803	4.0

Shareholder	No. of ordinary shares as at 23 February 2021	% of issued share capital as at 23 February 2021
Glanbia Co-operative Society Limited	93,276,241	31.9
Mawer Investment Management Limited	15,956,460	5.5
Black Creek Investment Management Inc.*	11,874,803	4.1

* Black Creek Investment Management Inc. ('Black Creek') is an investment management company. The shares are beneficially owned by 21 separate funds and clients which Black Creek advises regarding their investment portfolios. Shares held directly are by funds for which Black Creek also acts as investment fund manager. None of the funds or clients by itself reaches or exceeds the 3% threshold. The funds and clients give a proxy to Black Creek who can exercise the voting rights for the shares in its own discretion.

Employee share schemes

The Company operates a number of employee share schemes. At 02 January 2021, 692,698 ordinary shares were held in employee benefit trusts for the purpose of the Group's employee share schemes. While any shares in the Company are held by the Trustees, the Trustees shall refrain from exercising any voting rights which may attach to the shares save that if the beneficial interest in any share has been vested in any beneficiary the Trustees shall seek and comply with any direction from such beneficiary as to the exercise of voting rights attaching to such shares.

Dividend payments direct to your bank account

An interim dividend of 10.68 cent per share was paid in respect of ordinary shares on 02 October 2020.

Subject to shareholders' approval, a final dividend of 15.94 cent per share will be paid in respect of ordinary shares on 07 May 2021 to shareholders on the register of members on 26 March 2021. Following approval by shareholders at the AGM in 2010, all dividend payments will be made by direct credit transfer into a nominated bank or financial institution. If a shareholder has not provided his/her account details prior to the payment of the dividend, a shareholder will be sent the normal tax voucher advising a shareholder of the amount of his/her dividend and that the amount is being held because his/her direct credit transfer instructions had not been received in time. A shareholder's dividends will not accrue interest while they are held. Payment will be transferred to a shareholder's account as soon as possible on receipt of his/her direct credit transfer instructions. For the past number of years, dividends have been paid in sterling to shareholders whose address, according to the Glanbia share register, is in the UK (unless they have elected otherwise). From Monday, 15 March 2021 this structure will change and a default currency of euro will be applied to all new shareholders who come on to the Glanbia plc share register, regardless of their registered address. Where an existing shareholder holds shares in certificated (i.e. paper) form and has previously received sterling because his/her registered address is in the UK or because he/she has previously elected to receive sterling, he/she will continue to receive sterling after 15 March 2021 unless he/she elects otherwise. All other shareholders will henceforth automatically be paid in euro unless a sterling currency election is made (including those shareholders who hold their shares in uncertificated (i.e. dematerialised) form).

Currently all trades on both Euronext Dublin and the London Stock Exchange are settled via the CREST securities settlement system in the UK. However, with the UK's departure from the EU, the Company has no choice but to migrate from the CREST securities settlement system to a new depository arrangement involving a combination of Euroclear Bank in Brussels and the CREST system (the "Migration"). Shareholders holding their shares, subject to Migration in March 2021, via the central securities depository operated by Euroclear Bank or CREST will receive dividends electronically via such systems. To avail of these facilities, shareholders should follow the applicable procedures in the EB Services Description, the EB Rights of Participants Document and the CREST International Manual. It is important to note that any previously recorded currency/tax elections for shares in uncertificated (i.e. dematerialised) form will not apply after the Migration and we have been advised that where shares are held via the central securities depository operated by Euroclear Bank or CREST, it will be necessary for the relevant shareholders to submit their currency elections and any appropriate tax certification declaration in accordance with the respective procedures prior to each payment.

Irish Dividend Withholding Tax (DWT) must be deducted from dividends paid by an Irish resident company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrars. DWT is deducted at the standard rate of Income Tax (25%). Non-resident shareholders located in countries with a double tax treaty with Ireland and certain Irish companies, trusts, pension schemes, investment undertakings and charities may be entitled to claim exemption from DWT. Copies of the exemption form may be obtained from the Company's Registrars. Shareholders should note that DWT will be deducted from dividends in cases where a properly completed form has not been received by the market deadline for the dividend. Individuals who are resident in Ireland for tax purposes are not entitled to an exemption. If shares are held via Euroclear Bank or CREST, the owners of the shares will need to contact the intermediary through whom the shares are held in order to ascertain arrangements for tax relief to be applied at source.

Electronic copies of current and past annual and half-yearly reports can be downloaded from the website. Current and historic share prices, news, updates and presentations may also be obtained. Shareholders may also register to receive future shareholder communications electronically.

Shareholders may visit: https://www.glanbia.com/investors/shareholder-information for up-to-date investor information.

Shareholder Information continued

Electronic communications

The Transparency (Directive 2004/109/EC) Regulations 2007 recognises the growing importance of electronic communications. The Group, therefore, provides documentation and communications to all shareholders via our website unless a shareholder has specifically elected to receive a hard copy.

Using electronic communications enables fast receipt of documents, helps the environment by significantly reducing the amount of paper used to communicate with shareholders and reduces associated printing, mailing and distribution costs.

Shareholders can also vote online for the next Annual General Meeting ("AGM"). This is a quick and easy option, using the proxy voting service provided by Computershare. Shareholders may use this facility by visiting: www.eproxyappointment.com.

Financial calendar

Announcement of 2020 Full Year Results	24 February 2021
Ex-dividend date	25 March 2021
Record date for dividend	26 March 2021
Date for receipt of proxy forms	04 May 2021
AGM	06 May 2021
Dividend payment date	07 May 2021

AGM

The AGM will be held on 06 May 2021. The notice of meeting, together with details of the business to be conducted at the meeting will be available 20 business days before the meeting on: www.glanbia.com/agm

We are closely monitoring the situation and the measures advised by the Government of Ireland in relation to the ongoing COVID-19 pandemic and will endeavour to take all recommended actions into account in the conduct of the AGM.

The voting results for the 2021 AGM, including proxy votes and votes withheld will be available on our website shortly after the meeting at the following address: www.glanbia.com/agm.

Conditions for participating in a meeting

Every shareholder, irrespective of how many Glanbia plc shares they hold, has the right to attend, speak, ask questions and vote at the AGM. Completion of a proxy form will not affect a shareholder's right to attend, speak, ask questions and vote at the meeting in person.

The quorum for a general meeting of the Company is constituted by three persons entitled to vote upon the business of the meeting, each being a shareholder or a proxy or corporate representative for a shareholder.

The right to participate in the AGM is subject to the registration of the shares prior to the date of the meeting (the record date). For the 2021 AGM the record date is to be determined in accordance with sections 1087G and 1105 of the Companies Act 2014.

Appointment of proxy

Where a shareholder is unable to attend the AGM in person, a proxy (or proxies) may be appointed to attend, speak, ask questions and vote on their behalf. For this purpose a form of proxy is posted to all shareholders. Copies of these documents may be requested by telephoning the Company's Registrar on 01 247 5349 (within Ireland), 00353 1 247 5349 (outside Ireland), or by logging on to www.investorcentre.com/ie/contactus or by writing to the Group Secretary at Glanbia plc, Glanbia House, Kilkenny, Ireland.

Alternatively, a shareholder may appoint a proxy electronically, by visiting: www.eproxyappointment.com and submitting their proxy details. They will be asked to enter the Control Number, the Shareholder Reference Number ("SRN") and PIN and agree to certain terms and conditions. The Control Number, the SRN and the PIN can be found on the top of the form of proxy.

How to exercise shareholders' rights

Shareholders have several ways to exercise their right to vote at forthcoming Annual General Meeting:

- by attending the AGM in person; or
- by submitting a validly completed proxy form appointing the Chairman of the meeting or another person as a proxy to vote on their behalf; or
- by visiting www.eproxyappointment.com and submitting their proxy details; or
- by visiting the Lumi platform; or
- by appointing a proxy via the CREST System if you hold Crest Depository Interests ("CDIs") via CREST; or
- Euroclear Bank participants ("EB Participants") may send electronic voting instructions to Euroclear Bank via SWIFT or EasyWay Corporate Actions; or
- EB Participants may send a proxy voting instruction to Euroclear Bank to appoint a third party (i.e. other than Euroclear Nominees Limited or the Chairman of the meeting) to attend and vote at the meeting.

The passing of resolutions at a meeting of the Company, other than special resolutions, requires a simple majority. To be passed, a special resolution requires at least 75% of the votes cast to be in favour of the resolution.

New arrangements post Migration to Euroclear Bank

New arrangements regarding voting and the exercise of shareholder rights will apply to all dematerialised shares once the migration to Euroclear Bank (EB) becomes effective in March 2021.

EB Participants holding Belgian law rights via the Euroclear System can instruct Euroclear Bank to vote in favour, against or abstain, in advance of the relevant Euroclear Bank voting deadline. EB Participants can also, in advance of the Euroclear Bank voting deadline, instruct Euroclear Bank to appoint a third party (other than Euroclear Bank's nominee or the chairman of the meeting) identified by the EB Participant to attend and vote at a general meeting for the number of shares specified in the proxy voting instruction. For example, such third party may be the EB Participant or, where the EB Participant is a broker or custodian, the client of that broker or custodian or a corporate representative. If a corporate is appointed as a proxy, it may in turn appoint its own corporate representative to represent itself at the meeting.

CDI holders are able to instruct Broadridge Proxy Voting Service ("Broadridge"), in advance of the relevant Broadridge voting deadline, to vote in favour, against or abstain. CDI holders can also, in advance of the Broadridge deadline, instruct Broadridge to appoint a third party (other than Euroclear Bank's nominee or the chairman of the meeting) identified by the CDI holder to attend and vote at a general meeting for the number of shares specified in the proxy voting instruction. The third party identified in the proxy instruction could be, for example, the CREST member, the client of a CREST member or a corporate representative. The CREST Nominee (as EB Participant) will then action that instruction to Euroclear Bank as set out above.

Tabling agenda items

A shareholder, or a group of shareholders acting together, who hold at least 3% of the issued share capital of the Company, has the right to put an item on the agenda of the AGM. In order to exercise this right, written details of the item to be included on the 2021 AGM agenda together with a written explanation why the item is to be included on the agenda and evidence of the shareholding must be received by the Group Secretary at Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to ir@glanbia.ie /info@glanbia.ie no later than 26 March 2021 (i.e. 42 days before the AGM).

An item cannot be included on the AGM agenda unless it is accompanied by the written explanation and received at either of these addresses by this deadline.

Tabling draft resolutions

A shareholder, or a group of shareholders acting together, who hold at least 3% of the issued share capital of the Company, has the right to table a draft resolution for inclusion on the agenda of the 2021 AGM subject to any contrary provision in company law.

In order to exercise this right, the text of the draft resolution and evidence of shareholding must be received no later than 26 March 2021 (i.e. 42 days before the AGM) by post to the Group Secretary at Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to ir@glanbia.ie / info@glanbia.ie. A resolution cannot be included on the 2021 AGM agenda unless it is received at either of these addresses by this deadline. Furthermore, shareholders are reminded that there are provisions in company law which impose other conditions on the right of shareholders to propose resolutions at the general meeting of a company.

How to ask a question before or at the meeting

The AGM is an opportunity for shareholders to put a question to the Group Chairman during the question and answer session. Before the 2021 AGM, a shareholder may also submit a question in writing by sending a letter and evidence of shareholding at least four business days before the 2021 AGM (i.e. 30 April 2021) to the Group Secretary, Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to ir@glanbia.ie /info@glanbia.ie.

Dividend rights

The Company may, by ordinary resolution, declare dividends in accordance with the respective rights of shareholders, but no dividend shall exceed the amount recommended by the Directors. The Directors may also declare and pay interim dividends if it appears to them that the interim dividends are justified by the profits of the Company available for distribution.

Distribution on winding up

If the Company shall be wound up and the assets available for distribution among shareholders shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by shareholders in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the shares held by them respectively. Further if, in a winding up, the assets available for distribution among shareholders shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among shareholders in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said shares held by them respectively.

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